OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 1

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2015 and 2014

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

Dave Yost • Auditor of State

Board of Participants
Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, 6
and Municipal Energy Services Agency
1111 Schrock Road, Suite 100
Columbus, Ohio 43229

We have reviewed the *Independent Auditors' Report* of the Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, 6 and Municipal Energy Services Agency, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, 6 and Municipal Energy Services Agency is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

June 10, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 1:

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1"), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 1 as of December 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016 on our consideration of OMEGA JV1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV1's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015, 2014 and 2013
(Unaudited)

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1") for the years ended December 31, 2015 and 2014. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV1 prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV1's basic financial statements include the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

The statements of net position provide information about the nature and amount of assets, liabilities and deferred inflow of resources of OMEGA JV1 as of the end of the year. The statements of revenues, expenses and changes in net position report revenues and expenses for the year. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating and investing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV1 as of December 31:

Condensed Statements of Net Position

	2015	2014	2013
Assets			
Electric plant, net of accumulated depreciation	$ 133,393	$ 151,967	$ 172,165
Board designated funds	88,713	73,461	74,546
Long term regulatory assets	88,804	79,064	75,594
Current assets	286,355	264,103	181,763
Total Assets	$ 597,265	$ 568,595	$ 504,068
Net Position, Liabilities and Deferred Inflow of Resources			
Net position - net investment in capital assets	$ 133,393	$ 151,967	$ 172,165
Net position - unrestricted	230,465	231,728	231,422
Current liabilities	56,714	56,716	25,935
Asset retirement obligation	88,713	73,461	74,546
Deferred inflow of resources	87,980	54,723	-
Total Net Position, Liabilities and Deferred Inflow of Resources	$ 597,265	$ 568,595	$ 504,068

2015 vs. 2014

Total assets were $597,265 and $568,595 as of December 31, 2015 and December 31 2014, respectively, an increase of $28,670. The increase in 2015 total assets is due primarily to an increase in operating cash and regulatory assets, offset by decreases in receivables from participants and inventory.

> Electric plant, net of accumulated depreciation was $133,393 and $151,967 at year-end 2015 and 2014, respectively, a decrease of $18,574. The decrease was primarily the result of yearly depreciation. The asset associated with the asset retirement obligation included in the cost of electric plant for 2015 was $33,291, versus $27,247 in 2014. ARO obligations for OMEGA JV1 were prepared by an independent engineering consultant.

> Long-term regulatory assets were $88,804 and $79,064 at December 31, 2015 and December 31, 2014, respectively, an increase of $9,740. Regulatory assets contain amounts for ARO and operational and maintenance related expenses. These regulatory amounts are recorded in the statements of revenues, expenses and changes in net position as the corresponding expense is realized.

> Current assets were $286,355 and $264,103 at December 31, 2015 and December 31, 2014, respectively, an increase of $22,252. Compared to 2014 levels, cash increased $26,235, accounts receivable decreased $22,399, inventory decreased $6,972, prepaid expenses increased $48 and current regulatory assets increased $25,340.

Total net position, liabilities, and deferred inflow of resources were $597,265 and $568,595 as of December 31, 2015 and December 31, 2014, respectively, an increase of $28,670.

> Total net position was $363,858 and $383,695, at December 31, 2015 and December 31, 2014, respectively, a decrease of $19,837. Net investment in capital assets was $133,393 and $151,967 at December 31, 2015 and December 31, 2014, respectively, a decrease of $18,574. Unrestricted net position was $230,465 and $231,728 at December 31, 2015 and December 31, 2014, respectively, a decrease of $1,263.

> Current liabilities were $56,714 and $56,716 at December 31, 2015 and December 31, 2014, respectively, a decrease of $2. This resulted from a decrease in accounts payable and accrued expenses of $3,553 and an increase in payables to related parties of $3,551.

> Noncurrent liabilities were $88,713 and $73,461 as of December 31, 2015 and December 31, 2014, respectively, an increase of $15,252. Estimated ARO liabilities increased $15,252 due mainly to changes in the remaining year of obligation for the project, based on an independent analysis performed by an engineering firm hired by the project.

2014 vs. 2013

Total assets were $568,595 and $504,068 as of December 31, 2014 and December 31 2013, respectively, an increase of $64,527. The increase in 2014 total assets is due primarily to an increase in inventory, receivables from participants and operating cash, offset by a decrease in regulatory assets.

> Electric plant, net of accumulated depreciation was $151,967 and $172,165 at year-end 2014 and 2013, respectively, a decrease of $20,198. The decrease was primarily the result of yearly depreciation of $19,761. The cost associated with the asset retirement obligation included in the cost of electric plant for 2014 was $27,247, versus $27,684 in 2013. ARO obligations for OMEGA JV1 were prepared by an independent engineering consultant.
>
> Long-term regulatory assets were $79,064 and $75,594 at December 31, 2014 and December 31, 2013, respectively, an increase of $3,470. Regulatory assets contain amounts for ARO and operational and maintenance related expenses. These regulatory amounts are recorded in the statements of revenues, expenses and changes in net position as the corresponding expense is realized.
>
> Current assets were $264,103 and $181,763 at December 31, 2014 and December 31, 2013, respectively, an increase of $82,340. Compared to 2013 levels, cash increased $34,273, accounts receivable increased $69,642, inventory increased $13,055, prepaid expenses increased $543 and current regulatory assets decreased $35,173.

Total net position, liabilities, and deferred inflow of resources were $568,595 and $504,068 as of December 31, 2014 and December 31, 2013, respectively, an increase of $64,527.

> Total net position was $383,695 and $403,587 at December 31, 2014 and December 31, 2013, respectively, a decrease of $19,892, which resulted from the 2014 net loss which is all related to depreciation and a change in ARO estimate. Net investment in capital assets was $151,967 and $172,165 at December 31, 2014 and December 31, 2013, respectively, a decrease of $20,198. This decrease resulted from the decrease in electric plant, net of depreciation explained above. Unrestricted net position was $231,728 and $231,422 at December 31, 2014 and December 31, 2013, respectively, an increase of $306.
>
> Current liabilities were $56,716 and $25,935 at December 31, 2014 and December 31, 2013, respectively, an increase of $30,781. This resulted from an increase in accounts payable and accrued expenses of $31,575 and a decrease in payables to related parties of $794.
>
> Noncurrent liabilities were $73,461 and $74,546 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $1,085. Estimated ARO liabilities decreased

$1,085 due mainly to changes in the present value of obligations for the project, based on an independent analysis performed by an engineering firm hired by the project.

Deferred inflow of resources increased to $54,723 at December 31, 2014 from $0 at December 31, 2013. This was a result of rates and REC revenue received in excess of expenses incurred, intended to recover future expenses.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2015	2014	2013
Operating revenues	$ 561,625	$ 455,961	$ 379,759
Operating expenses	585,622	479,409	402,996
Operating Loss	(23,997)	(23,448)	(23,237)
Nonoperating revenue			
Investment income	117	86	86
Future recoverable costs	4,043	3,470	3,312
Nonoperating Revenue	4,160	3,556	3,398
Change in Net Position	$ (19,837)	$ (19,892)	$ (19,839)

Operating results

Electric revenues in 2015 were $561,625 versus $455,961 in 2014 which is an increase of $105,664. This increase is due to increases in capacity revenue of $113,201 offset by decreases in electric power generated of $33,586. Electric revenues in 2014 were $455,961 versus $379,759 in 2013 which is an increase of $76,202. Electric rates are set by the Board of Participants based on budgets and are intended to cover budgeted operating expenses, actual fuel expense and debt service, if any. Capacity revenue is earned and received from the regional transmission organization and passed back to members through credits on their bill with an equal expense.

Operating expenses in 2015 were $585,622 versus $479,409 in 2014 which is an increase of $106,213. The increase in operating expenses in 2015 is due mainly to increases in capacity expense offset by decreases in related party services. Operating expenses in 2014 were $479,409 versus $402,996 in 2013 which is an increase of $76,413. The increase in operating expenses in 2014 is due to increases in capacity, which were offset by decreases in fuel, maintenance, utilities and related party services.

Investment income in 2015 was $117 versus $86 in 2014 which is an increase of $31. Investment income in 2014 was $86 which was consistent with 2013. Investment income for OMEGA JV1 is interest earned on checking account balances and short term investments.

There were no distributions to participants of OMEGA JV1 in 2015 or 2014.

If you have questions about this report, or need additional financial information, contact management at 614.540.1111 or 1111 Schrock Road – Suite 100, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 133,280	$ 107,045
Receivables from participants	66,468	88,867
Inventory	42,659	49,631
Regulatory assets	38,432	13,092
Prepaid expenses	5,516	5,468
Total Current Assets	286,355	264,103
NON-CURRENT ASSETS		
Electric Plant		
Electric generators	519,604	513,560
Fuel tank	35,000	35,000
Accumulated depreciation	(421,211)	(396,593)
Net Electric Plant	133,393	151,967
Other Assets		
Board designated funds	88,713	73,461
Regulatory assets	88,804	79,064
Total Non-Current Assets	310,910	304,492
TOTAL ASSETS	$ 597,265	$ 568,595
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 42,847	$ 46,400
Payable to related parties	13,867	10,316
Total Current Liabilities	56,714	56,716
NONCURRENT LIABILITIES		
Asset retirement obligation	88,713	73,461
Total Noncurrent Liabilities	88,713	73,461
Total Liabilities	145,427	130,177
DEFERRED INFLOW OF RESOURCES		
Rates intended to recover future costs	87,980	54,723
NET POSITION		
Net investment in capital assets	133,393	151,967
Unrestricted	230,465	231,728
Total Net Position	363,858	383,695
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 597,265	$ 568,595

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Electric revenue	$ 561,625	$ 455,961
OPERATING EXPENSES		
Related party services	53,677	96,349
Capacity	423,412	261,347
Depreciation	20,565	19,761
Accretion of asset retirement obligation	3,315	3,601
Fuel	6,972	10,210
Maintenance	6,146	12,476
Utilities	12,601	6,739
Insurance	22,227	21,136
Professional services	11,038	10,638
Other operating expenses	25,669	37,152
Total Operating Expenses	585,622	479,409
Operating Loss	(23,997)	(23,448)
NON-OPERATING REVENUES		
Investment income	117	86
Future recoverable costs	4,043	3,470
Total Non-Operating Revenues	4,160	3,556
Change in net position	(19,837)	(19,892)
NET POSITION, Beginning of Year	383,695	403,587
NET POSITION, END OF YEAR	$ 363,858	$ 383,695

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 584,024	$ 471,966
Cash paid to related parties for personnel services	(50,126)	(97,143)
Cash payments to suppliers and related parties for goods and services	(492,528)	(341,721)
Net Cash Provided by (Used In) Operating Activities	41,370	33,102
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	117	86
Net Cash Provided by Investing Activities	117	86
Net Change in Cash and Cash Equivalents	41,487	33,188
CASH AND CASH EQUIVALENTS, Beginning of Year	180,506	147,318
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 221,993	$ 180,506

	2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	$ (23,997)	$ (23,448)
Depreciation	20,565	19,761
Accretion of asset retirement obligation	3,315	3,601
Changes in assets, liabilities and deferred inflow of resources		
Receivables from participants	22,399	(69,642)
Regulatory assets	(21,091)	30,924
Deferred inflow of resources	33,257	54,723
Inventory	6,972	(13,055)
Prepaid expenses	(48)	(543)
Accounts payable and accrued expenses	(3,553)	31,575
Payable to related parties	3,551	(794)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 41,370	$ 33,102
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	$ 133,280	$ 107,045
Board designated funds	88,713	73,461
TOTAL CASH AND CASH EQUIVALENTS	$ 221,993	$ 180,506
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ 6,044	$ (437)

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 1 (“OMEGA JV1”) was organized by 21 subdivisions of the State of Ohio (the “Participants”) on April 1, 1992, pursuant to a Joint Venture Agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to provide a source of supplemental capacity to the Participants. The Participants are members of American Municipal Power, Inc. (“AMP”) Northeast Area Service Group. The Participants are charged fees for the costs required to administer the joint venture and maintain the jointly owned electric plant. OMEGA JV1 purchased its electric generating facilities (the “Project”), known as the Engle Units, from AMP in September 1992. The electric generating facilities consist of six diesel-fired turbines designed for a total capacity of nine megawatts. These facilities are located in Cuyahoga Falls, Ohio. The Agreement continues until 60 days subsequent to the disposition of the Project, provided, however, that each Participant shall remain obligated to pay to OMEGA JV1 its respective share of the costs of termination, discontinuing, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV1.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place or deferred until a future period in which they will be recovered through rates.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

OMEGA JV1 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV1 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Inventory

Inventory consists of fuel and is stated at the lower of first-in, first-out (“FIFO”) cost or market.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

Electric Plant

Electric plant is recorded at cost. Depreciation is provided on the straight-line method from 15 to 30 years, based on the estimated useful lives of the assets. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When electric plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

Electric plant assets are assessed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

Asset Retirement Obligations

OMEGA JV1 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the entity capitalizes the cost by increasing the carrying value of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount to settle the liability is recorded as a settlement gain or loss.

Board Designated Funds

Due to new environmental regulations that may affect the operation of the units, OMEGA JV1’s Board of Participants designated funds from existing operating cash for the current value of the asset retirement obligation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Regulatory Assets

OMEGA JV1 records regulatory assets (expenses to be recovered in rates in future periods). Pursuant to the Agreement, Participants are required to pay all costs related to operations, maintenance and retirement of the jointly owned electric plant.

Regulatory assets consisted of the following at December 31:

	2015	2014
Future expenses related to fixed O&M	$ 38,432	$ 13,092

	2015	2014
Future expenses related to asset retirement obligations	$ 88,804	$ 79,064

Deferred Inflow of Resources

OMEGA JV1 records deferred inflows of resources (rates to be collected for expenses not yet incurred). Pursuant to the Agreement, Participants are required to pay all costs related to operations, maintenance and retirement of the jointly owned electric plant.

Deferred inflow of resources consisted of the following at December 31:

	2015	2014
Future expenses related to fixed O&M	$ 87,980	$ 54,723

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION (cont.)

Net Position

All property constituting OMEGA JV1 is owned by the Participants as tenants in common in undivided shares, each share being equal to that Participant's percentage ownership interest as follows:

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Cuyahoga Falls	1,894	21.05%
Niles	1,593	17.71
Wadsworth	1,011	11.23
Hudson	934	10.38
Galion	588	6.53
Oberlin	497	5.52
Amherst	488	5.42
Hubbard	341	3.79
Columbiana	272	3.02
Wellington	265	2.94
Newton Falls	228	2.53
Monroeville	167	1.86
Lodi	155	1.72
Seville	135	1.50
Brewster	130	1.44
Grafton	105	1.17
Milan	64	0.71
Beach City	50	0.56
Prospect	45	0.50
Lucas	21	0.23
South Vienna	17	0.19
Totals	9,000	100.00%

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUES AND EXPENSES

OMEGA JV1 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with OMEGA JV1's principal ongoing operations. The principal operating revenues of OMEGA JV1 are charges to participants for energy and capacity. Operating expenses include the cost of generation, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Electric revenue is recognized when earned as electric service is delivered. OMEGA JV1‘s rates for electric power are designed to cover annual operating costs. Rates are set annually by the Board of Participants. Periodically OMEGA JV1 will distribute earnings to its participants based on available operating cash. These distributions are approved by the Board of Participants.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27,* Statement, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68.* These standards had no impact on OMEGA JV1’s financial statements.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31,		
	2015	2014	Risks
Checking	$ 221,993	$ 180,506	Custodial credit

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for accounts as of December 31, 2015 and 2014.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, OMEGA JV1’s deposits may not be returned to it. OMEGA JV1 has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit as stated above. OMEGA JV1’s investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2015 and 2014, there were no deposits or temporary investments exposed to custodial credit risk, as amounts do not exceed FDIC limits.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

OMEGA JV1 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV1 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services.

As of December 31, 2015 and 2014, OMEGA JV1 had no investments with credit risk.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV1's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

As of December 31, 2015 and 2014, OMEGA JV1 had no investments with interest rate risk.

NOTE 3 – ELECTRIC PLANT

Electric plant activity for the years ended December 31 is as follows:

	2015			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 513,560	$ -	$ 6,044	$ 519,604
Fuel tank	35,000	-	-	35,000
Total Electric Plant in Service	548,560	-	6,044	554,604
Less: Accumulated depreciation	(396,593)	(20,565)	(4,053)	(421,211)
Electric Plant, Net	$ 151,967	$ (20,565)	$ 1,991	$ 133,393

	2014			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 513,997	$ -	$ (437)	$ 513,560
Fuel tank	35,000	-	-	35,000
Total Electric Plant in Service	548,997	-	(437)	548,560
Less: Accumulated depreciation	(376,832)	(19,761)	-	(396,593)
Electric Plant, Net	$ 172,165	$ (19,761)	$ (437)	$ 151,967

During 2015 and 2014, OMEGA JV1 recorded an adjustment to electric plant to reflect the revised estimate of the ARO (Note 4).

NOTE 4 – ASSET RETIREMENT OBLIGATIONS

Under the terms of lease agreements, OMEGA JV1 has an obligation to remove electric generators from the leased sites on which the units are located and to perform certain restoration of the sites.

Asset retirement obligation activity for the years ended December 31 is as follows:

	2015			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 73,461	$ 3,315	$ 11,937	$ 88,713

	2014			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 74,546	$ 3,601	$ (4,686)	$ 73,461

Asset retirement obligations are determined based on detailed cost estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated using an inflation factor to the estimated removal dates, and then discounted using a credit adjusted risk-free interest rate. The removal date for each unit was determined based on the estimated life of the unit. The accretion of the liability and amortization of the property and equipment will be recognized over the estimated useful life of each unit. OMEGA JV1 updated its estimate of its asset retirement obligation based on an updated legal and technical study performed during 2015 and 2014.

NOTE 5 – NET POSITION

GASB No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

NOTE 5 – NET POSITION (cont.)

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The following calculation supports the net investment in capital assets:

	2015	2014
Plant in service	$ 554,604	$ 548,560
Accumulated depreciation	(421,211)	(396,593)
Total Net Investment in Capital Assets	$ 133,393	$ 151,967

NOTE 6 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

OMEGA JV1 is subject to regulation by federal, state and local authorities related to environmental and other matters. Changes in regulations could adversely affect the operations and operating cost of OMEGA JV1.

On February 17, 2010, the US EPA promulgated the RICE NESHAP Rule establishing emission limits and work practice standards for compression ignited diesel engines at area sources. OMEGA JV1's engines were affected by this rule and were in compliance by May 2013.

Many metropolitan and industrialized counties in Ohio have become nonattainment areas under the new fine particulate matter ambient air quality standards and will likely become a nonattainment area for ozone. This may require substantial local reductions of nitrogen oxides, volatile organic compounds, sulfur dioxide and particulate matter. In addition to emissions reductions required to achieve local compliance, additional reductions may be required to achieve compliance in down-wind, neighboring states. Summit County has been designated a nonattainment area for fine particulate matter, therefore, the Ohio EPA may restrict the hours of operations or require additional pollution control equipment for the OMEGA JV1 generating facilities.

NOTE 7 – RISK MANAGEMENT

OMEGA JV1 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. No claims have been filed in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 8 – RELATED PARTY TRANSACTIONS

OMEGA JV1 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services, including dispatching electrical control. The expenses related to these services were $9,582 and $12,142 for the years ended December 31, 2015 and 2014, respectively. OMEGA JV1's payables to AMP as of December 31, 2015 and 2014 were $11,526 and $4,360, respectively.

- As OMEGA JV1's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The cost of these services for the years ended December 31, 2015 and 2014 was $44,095 and $84,207, respectively. OMEGA JV1 had a payable to MESA for $2,341 and $5,956 at December 31, 2015 and 2014, respectively.

- The City of Cuyahoga Falls, Ohio, agreed to provide a suitable site for the generating facilities, and OMEGA JV1 agreed to lease such site for the period of the Agreement plus one year, for the sum of one dollar. OMEGA JV1 incurred expenses of $12,601 and $6,739 for the years ended December 31, 2015 and 2014, respectively, for utilities provided by Cuyahoga Falls to the site. Cuyahoga Falls also has agreed to perform operational tasks and routine maintenance on the generating facilities at no charge to OMEGA JV1 in exchange for the availability of the electric generation project to Cuyahoga Falls for electric system emergency backup.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 1:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1"), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV1's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OMEGA JV1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 2

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2015 and 2014

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 2:

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2"), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 2 as of December 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016 on our consideration of OMEGA JV2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV2's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015, 2014 and 2013
(Unaudited)

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2") for the years ended December 31, 2015 and 2014. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV2 prepares their basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV2's basic financial statements include the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

The statements of net position provide information about the nature and amount of assets, liabilities and deferred inflow of resources of OMEGA JV2 as of the end of the year. The statements of revenues, expenses and changes in net position report revenues and expenses for the year. The statements of cash flows report cash receipts, cash payments and net changes in cash resulting from operating, investing and capital and related financing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV2 as of December 31:

Condensed Statements of Net Position

	2015	2014	2013
Assets			
Electric Plant & Equipment, net of accumulated depreciation	$ 16,209,129	$ 18,054,182	$ 21,075,074
Regulatory assets	1,506,318	1,451,887	1,437,015
Board Designated Funds	-	-	1,139,344
Current assets	2,727,073	3,397,863	1,424,243
Total Assets	$ 20,442,520	$ 22,903,932	$ 25,075,676
Net Position, Liabilities, and Deferred Inflow of Resources			
Net investment in capital assets	$ 16,209,129	$ 18,054,182	$ 21,075,074
Net position - unrestricted	378,709	1,702,708	1,709,936
Current liabilities	1,009,302	829,784	399,260
Noncurrent liabilities	1,562,515	1,520,141	1,498,059
Deferred inflow of resources	1,282,865	797,117	393,347
Total Net Position, Liabilities and Deferred Inflow of Resources	$ 20,442,520	$ 22,903,932	$ 25,075,676

2015 vs. 2014

Total assets were $20,442,520 and $22,903,932 on December 31, 2015 and December 31, 2014, respectively, a decrease of $2,461,412. The decrease in total assets was due primarily to a decrease in net capital assets from yearly depreciation, a decrease in receivable from related party of $638,322 due to collections and a decrease in fuel inventory of $105,386 due to a decrease in fuel cost per gallon purchased during the year. This decrease was offset by an increase in electric generators of $1,336,056 from the purchase of diesel oxidation catalysts on the 34 JV2 diesel units to reduce emissions so that the units can comply with EPA standards for peaking units. The spending on the diesel oxidation catalysts was performed so that the unit could be a peaking resource during summer of 2015. Additionally, accounts receivable from participants increased $175,261 due to the timing of cash collections at the end of the year.

Electric plant and equipment, net of accumulated depreciation was $16,209,129 and $18,054,182 at year-end 2015 and 2014, respectively, a decrease of $1,845,053. This decrease was the result of a $3,206,059 increase in accumulated depreciation offset by an increase in electric generators of $1,361,006 from spending on diesel oxidation catalysts to reduce exhaust emissions on the 34 JV2 diesel units so that they may comply with EPA standards for peaking units. The spending on the diesel oxidation catalysts was performed so that the unit could be used as a peaking resource during 2015. Additionally, there was an increase in ARO assets of $54,431. The cost associated with the ARO included in the cost of electric plant for 2015 was $848,275 versus $823,325 in 2014. Estimated values of ARO assets and obligations were prepared by an independent engineering consultant.

Regulatory assets were $2,293,793 and $1,973,885 at December 31, 2015 and 2014, respectively, an increase of $319,908. Regulatory assets contain amounts deferred for ARO and operational and maintenance related expenses. This increase mainly reflects expenses incurred in excess of rates charged and revised estimates of ARO assets and liabilities. These deferred amounts are recorded in the statements of revenues, expenses, and changes in net position as the corresponding expense or revenue is realized.

Current assets were $2,727,073 and $3,397,863 as of December 31, 2015 and 2014, respectively, a decrease of $670,790. This was due to a decrease in receivable from related parties of $638,322 as this amount was collected in 2015, a decrease in operating cash of $376,733, and a decrease in inventory of $105,386 due to the lower cost of fuel year over year. These decreases are partially offset by an increase in current regulatory assets of $265,477, an increase in receivables from participants of $175,261, and an increase in prepaid expense of $8,913.

Total liabilities, deferred inflow of resources and net position were $20,442,520 and $22,903,932 as of December 31, 2015 and December 31, 2014, respectively, a decrease of $2,461,412. This decrease was primarily the result of decreases in investment capital assets.

Total net position was $16,587,838 and $19,756,890 as of December 31, 2015 and December 31, 2014, respectively, a decrease of $3,169,052. Net investment in capital assets was $16,209,129 and $18,054,182 at December 31, 2015 and December 31, 2014, respectively, a decrease of $1,845,053. This decrease resulted from the decrease in electric plant, net of accumulated depreciation. Unrestricted net position was $378,709 and $1,702,708 at December 31, 2015 and December 31, 2014, respectively, a decrease of $1,323,999 due mainly to spending on the diesel oxygen catalyst project, as cash on hand in prior year was spent on the project in 2015 and shifted the related net position from unrestricted into net investment in capital assets.

Noncurrent liabilities, comprised entirely of ARO liabilities were $1,562,515 and $1,520,141 at December 31, 2015 and December 31, 2014, respectively, an increase of $42,374. This was the result of yearly ARO accretion expense and an increase of projected ARO liability versus 2014 levels. Estimated values of ARO obligations were prepared by an independent engineering consultant.

Current liabilities were $1,009,302 and $829,784 as of December 31, 2015 and December 31, 2014, respectively, an increase of $179,518. This increase was primarily the result of increased accounts payable obligations to third party vendors.

Deferred inflows of resources were $1,282,865 and $797,117 at December 31, 2015 and December 31, 2014, respectively, an increase of $485,748. This was mainly a result of an increase in overhaul maintenance amounts billed to participants intended to recover future expenses and capital improvements.

2014 vs. 2013

Total assets were $22,903,932 and $25,075,676 on December 31, 2014 and December 31, 2013, respectively, a decrease of $2,171,744. The decrease in total assets was due primarily to a decrease in net capital assets due to depreciation and offset by an increase in accounts receivable from participants and related parties.

Electric plant and equipment, net of accumulated depreciation was $18,054,182 and $21,075,074 at year-end 2014 and 2013, respectively, a decrease of $3,020,892. This decrease was the result of a $3,032,852 increase in accumulated depreciation offset by an increase in ARO assets of $11,960 increase in utility assets. The cost associated with the ARO included in the cost of electric plant for 2014 was $823,325 versus $811,365 in 2013. Estimated values of ARO obligations were prepared by an independent engineering consultant.

Regulatory assets were $1,973,885 and $2,176,737 at December 31, 2014 and 2013, respectively, a decrease of $202,852. Regulatory assets contain amounts deferred for ARO and operational and maintenance related expenses. These deferred amounts are recorded in the statements of revenues, expenses, and changes in net position as the corresponding expense is realized.

Current assets were $3,397,863 and $1,424,243 as of December 31, 2014 and 2013, respectively, an increase of $1,973,620. In 2014, operating cash increased $838,322,as funds were transferred out of board designated funds as these funds are no longer under bond indenture restrictions. Accounts receivable increased $1,306,025 due to billings to members, inventories increased $51,232 and prepaid expenses decreased $4,235 versus 2013 levels.

Total liabilities, deferred inflow of resources and net position were $22,903,932 and $25,075,676 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $2,171,744. This decrease was primarily the result of decreases in investment capital assets.

Total net position was $19,756,890 and $22,785,010 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $3,028,120. Net investment in capital assets was $18,054,182 and $21,075,074 at December 31, 2014 and December 31, 2013, respectively, a decrease of $3,020,892. This decrease resulted from the decrease in electric plant, net of accumulated depreciation. Unrestricted net position was $1,702,708 and $1,709,936 at December 31, 2014 and December 31, 2013, respectively, a decrease of $7,228.

Noncurrent liabilities, comprised entirely of ARO liabilities were $1,520,141 and $1,498,059 at December 31, 2014 and December 31, 2013, respectively, an increase of $22,082. This was the result of the increase in for ARO liability versus 2013 levels. Estimated values of ARO obligations were prepared by an independent engineering consultant.

Current liabilities were $829,784 and $399,260 as of December 31, 2014 and December 31, 2013, respectively, an increase of $430,524. This increase was primarily the result of increased accounts payable obligations to third party vendors.

Deferred inflows of resources were $797,117 and $393,347 at December 31, 2014 and December 31, 2013, respectively, an increase of $403,770. This was a result of an increase in overhaul maintenance amounts billed to participants which are intended to recover future expenses and capital improvements.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2015	2014	2013
Operating revenues	$ 11,900,599	$ 7,330,252	$ 4,257,839
Operating expenses	15,156,501	10,436,062	7,212,816
Operating Loss	$ (3,255,902)	$ (3,105,810)	$ (2,954,977)
Nonoperating revenue			
Investment income	$ 697	$ 587	$ 4,425
Future recoverable costs	86,153	77,103	73,519
Non operating revenue	86,850	77,690	77,944
Loss before distributions	(3,169,052)	(3,028,120)	(2,877,033)
Distribution to related party	-	-	(521,203)
Change in Net Position	$ (3,169,052)	$ (3,028,120)	$ (3,398,236)

OMEGA JV2's rates are set by the Board of Participants and are intended to cover budgeted operating and capital expenses plus actual fuel expense. OMEGA JV2 revenues do not include any bond payments by OMEGA JV2 financing members in their rates. Financing participants make these payments directly to AMP.

Electric revenues in 2015 were $11,900,599 versus $7,330,252 in 2014, an increase of $4,570,347, mainly due to the increase in capacity revenue of $4,274,495 from the regional transmission organization (RTO). The capacity rates as determined by the auction process of the RTO were significantly higher in 2015 as compared to 2014. Capacity revenue was $9,104,655 in 2015 as compared to $4,830,160 in 2014. Capacity revenue is passed back directly to members as a reduction of their bill and is shown as an expense to the project. Electric revenues in 2014 were $7,330,252 versus $4,257,839 in 2013, an increase of $3,072,413, mainly due to increases in higher rates billed to the members, mainly for capital improvements expected in the next few years as well as higher capacity revenue earned by the project from the RTO.

OMEGA JV2 operating expenses in 2015 were $15,156,501 versus $10,436,062 in 2014, an increase of $4,720,439. This increase in expenses was due mainly to an increase in capacity expense of $4,407,730 from capacity revenue passed back directly to members, as well as an increase in fuel expense of $304,105 as the project operated more in the current year vs the prior year. OMEGA JV2 operating expenses in 2014 were $10,436,062 versus $7,212,816 in 2013, an increase of $3,223,246. Expense increases were primarily attributable to an increase in capacity expense of $3,515,517, offset by decreases in fuel and maintenance expense of $184,605 and $267,055, respectively.

Investment income in OMEGA JV2 in 2015 was $697 versus $587 in 2014, an increase in $110. This slight increase is due to higher interest earned on higher average cash balances during the year. Investment income in OMEGA JV2 in 2014 was $587 versus $4,425 in 2013, a decrease of $3,838. This decrease is due to cash amounts being held in checking accounts in 2015 as opposed to higher yielding investment accounts related to trust funds held in accordance with bond indentures in the previous year. Previously, funds were invested in short-term government backed securities, short-term commercial paper or within the trust agency's money market account.

In 2013, $521,203 of restricted assets was returned to American Municipal Power, Inc. ("AMP") for debt held by AMP related to OMEGA JV2. The distribution was authorized by the board of participants.

If you have questions about this report, or need additional financial information, contact management at 614.540.1111 or 1111 Schrock Road – Suite 100, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 461,589	$ 838,322
Receivables from participants	1,070,017	894,756
Receivables from related parties	-	638,322
Regulatory assets	787,475	521,998
Inventory	214,983	320,369
Prepaid expenses	193,009	184,096
Total Current Assets	2,727,073	3,397,863
NONCURRENT ASSETS		
Electric Plant and Equipment		
Electric generators	60,256,515	58,895,509
Accumulated depreciation	(44,047,386)	(40,841,327)
Net Electric Plant and Equipment	16,209,129	18,054,182
Other Assets		
Regulatory assets	1,506,318	1,451,887
Total Non-Current Assets	17,715,447	19,506,069
TOTAL ASSETS	$ 20,442,520	$ 22,903,932
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 919,494	$ 730,313
Payable to related parties	89,808	99,471
Total Current Liabilities	1,009,302	829,784
NONCURRENT LIABILITIES		
Asset retirement obligation	1,562,515	1,520,141
Total Noncurrent Liabilities	1,562,515	1,520,141
Total Liabilities	2,571,817	2,349,925
DEFERRED INFLOW OF RESOURCES		
Rates intended to recover future costs	1,282,865	797,117
NET POSITION		
Net investment in capital assets	16,209,129	18,054,182
Unrestricted	378,709	1,702,708
Total Net Position	16,587,838	19,756,890
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 20,442,520	$ 22,903,932

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Electric revenue	$ 11,900,599	$ 7,330,252
OPERATING EXPENSES		
Related party services	945,262	917,768
Capacity	9,234,119	4,826,389
Depreciation	3,185,205	3,032,852
Accretion of asset retirement obligation	70,000	72,354
Fuel	595,308	291,203
Maintenance	377,679	416,688
Utilities	103,707	134,224
Insurance	359,238	355,264
Professional services	22,137	27,562
Other operating expenses	263,846	361,758
Total Operating Expenses	15,156,501	10,436,062
Operating Loss	(3,255,902)	(3,105,810)
NONOPERATING REVENUES		
Investment income	697	587
Future recoverable costs	86,153	77,103
Total Non-Operating Revenues	86,850	77,690
Change in net position	(3,169,052)	(3,028,120)
NET POSITION, Beginning of Year	19,756,890	22,785,010
NET POSITION, END OF YEAR	$ 16,587,838	$ 19,756,890

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 12,211,086	$ 6,645,720
Cash paid to related parties for personnel services	(954,925)	(956,018)
Cash payments to suppliers and related parties for goods and services	(10,297,535)	(5,991,311)
Net Cash Provided by (Used in) Operating Activities	958,626	(301,609)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,336,056)	-
Net Cash Used in Capital and Related Investing Activities	(1,336,056)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	697	587
Net Cash Provided by Financing Activities	697	587
Net Change in Cash and Cash Equivalents	(376,733)	(301,022)
CASH AND CASH EQUIVALENTS, Beginning of Year	838,322	1,139,344
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 461,589	$ 838,322

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	$ (3,255,902)	$ (3,105,810)
Depreciation	3,185,205	3,032,852
Accretion of asset retirement obligation	70,000	72,354
Changes in assets, liabilities and deferred inflow of resources		
Receivables from participants	(175,261)	(667,703)
Receivables from related parties	638,322	(638,322)
Inventory	105,386	(51,232)
Prepaid expenses	(8,913)	4,235
Accounts payable and accrued expenses	189,181	468,774
Payable to related parties	(9,663)	(38,250)
Regulatory assets	(265,477)	217,723
Deferred inflow of resources	485,748	403,770
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 958,626	$ (301,609)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	$ 461,589	$ 838,322
TOTAL CASH AND CASH EQUIVALENTS	$ 461,589	$ 838,322
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ 24,950	$ 11,960

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2") was organized by 36 subdivisions of the State of Ohio (the "Participants") on November 21, 2000, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code, and commenced operations on December 1, 2000. Its purpose is to provide backup and peaking capacity to the Participants. The Participants are members of American Municipal Power, Inc. ("AMP"). On December 27, 2001, OMEGA JV2 purchased 138.650 MW of electric plant generating units (the "Project") from AMP. The Project is referred to as "distributed generation" because the units are sited near the Participants' municipal electric systems where it is anticipated they will serve. The Project consists of two 32 MW used gas-fired turbines, one 11 MW used gas-fired turbine and 34 1.825 MW new and one 1.6 MW used oil-fired and diesel turbines. The Agreement continues until 60 days subsequent to the termination or disposition of the Project and for as long as required by the financing agreement; provided, however, that each Participant shall remain obligated to pay to OMEGA JV2 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV2.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place or deferred until a future period in which they will be recovered through rates.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Deposits and Investments (cont.)

OMEGA JV2 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV2 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Gains and losses on investment transactions are determined on a specific identification basis. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants at the end of the year. Due to the participant relationship and the high degree of collectability, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Inventory

Inventory consists of fuel used to operate the Project and is stated at the lower of first-in, first-out (“FIFO”) cost or market.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Electric Plant and Equipment

Electric plant generating units and vehicles are recorded at cost. Depreciation is provided on the straight-line method over 20 years for generators and 3 years for vehicles, the estimated useful lives of the assets. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When electric plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

Electric plant assets are assessed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

Asset Retirement Obligations

OMEGA JV2 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the entity capitalizes the cost by increasing the carrying value of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount to settle the liability is recorded as a settlement gain or loss.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Regulatory Assets

OMEGA JV2 records regulatory assets (expenses to be recovered in rates in future periods). Regulatory assets include O&M expenses not yet recovered through billings to Participants. Pursuant to the Agreement, Participants are required to pay all costs related to operations, maintenance and retirement of the jointly owned electric plant.

Regulatory assets consisted of the following at December 31:

	2015	2014
Future expenses related to fixed O&M	$ 787,475	$ 521,998

	2015	2014
Future expenses related to asset retirement obligations	$ 1,506,318	$ 1,451,887

Deferred Inflow of Resources

OMEGA JV2 records deferred inflows of resources (rates collected for expenses not yet incurred). The balance consist of revenue related to amounts prepaid by the Participants for major repairs and maintenance and are recorded as income when the related expenditure occurs.

Deferred inflow of resources consisted of the following at December 31:

	2015	2014
Future expenses related to overhaul maintenance and fixed O&M	$ 1,282,865	$ 797,117

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Net Position

The Project is owned by the Participants in undivided interests held either directly or in trust. Due to potential legal impediments to their holding of direct interests in the Project, some participants purchase capacity and energy from the Project and have their undivided ownership interests held in trust for them by other Participants acting as trustees. The respective ownership shares are as follows:

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Hamilton	32,000	23.87%
Bowling Green	19,198	14.32
Niles	15,400	11.48
Cuyahoga Falls	10,000	7.46
Wadsworth	7,784	5.81
Painesville	7,000	5.22
Dover	7,000	5.22
Galion	5,753	4.29
Amherst	5,000	3.73
St. Mary’s	4,000	2.98
Montpelier	4,000	2.98
Shelby	2,536	1.89
Versailles	1,660	1.24
Edgerton	1,460	1.09
Yellow Springs	1,408	1.05
Oberlin	1,217	0.91
Pioneer	1,158	0.86
Seville	1,066	0.80
Grafton	1,056	0.79
Brewster	1,000	0.75
Monroeville	764	0.57
Milan	737	0.55
Oak Harbor	737	0.55
Elmore	364	0.27
Jackson Center	300	0.22
Napoleon	264	0.20
Lodi	218	0.16
Genoa	199	0.15
Pemberville	197	0.15
Lucas	161	0.12

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET POSITION (cont.)

Net Position (cont.)

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
South Vienna	123	0.09%
Bradner	119	0.09
Woodville	81	0.06
Haskins	73	0.05
Arcanum	44	0.03
Custar	4	0.00*
Totals	134,081	100.00%
Reserves	4,569	
kW Capacity of the Project	138,650	

* Represents less than 0.01%

REVENUE AND EXPENSES

OMEGA JV2 distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV2's principal ongoing operations. The principal operating revenues of OMEGA JV2 are charges to participants for energy and capacity. Operating expenses include the cost of generation, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Electric revenue is recognized when earned as service is delivered. OMEGA JV2's rates for electric power are designed to cover annual operating costs, excluding depreciation. Rates are set annually by the Board of Participants.

Rates for electric service pursuant to contracts with the Participants are not designed to recover contributed capital used to acquire the electric plant generators. Rates charged to OMEGA JV2 financing participants for debt service are paid to AMP to retire the Project financing obligations. Accordingly, OMEGA JV2 will generate negative operating margins during the operating life of the electric generators.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27,* Statement, Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68.* These standards had no effect on OMEGA JV2's financial statements.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31		
	2015	2014	Risks
Checking	$ 461,589	$ 838,322	Custodial credit

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for accounts as of December 31, 2015 and 2014.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, OMEGA JV2's deposits may not be returned to it. OMEGA JV2 has custodial credit risk on its cash and temporary investments balances to the extent the balances exceed the federally insured limit. OMEGA JV2's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2015 and 2014, there were no deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV2 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV2 to invest in funds in accordance with the ORC. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services. As of December 31, 2015 and 2014, OMEGA JV2 had no investments with credit risk.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV2's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days. As of December 31, 2015 and 2014, OMEGA JV2 had no investments with interest rate risk.

NOTE 3 – ELECTRIC PLANT AND EQUIPMENT

Electric plant and equipment activity for the years ended December 31 is as follows:

2015	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 58,895,509	$ 1,336,056	$ 24,950	$ 60,256,515
Less: Accumulated depreciation	(40,841,327)	(3,185,205)	(20,854)	(44,047,386)
Electric Plant and Equipment, Net	$ 18,054,182	$ (1,849,149)	$ 4,096	$ 16,209,129

2014	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 58,883,549	$ -	$ 11,960	$ 58,895,509
Less: Accumulated depreciation	(37,808,475)	(3,032,852)	-	(40,841,327)
Electric Plant and Equipment, Net	$ 21,075,074	$ (3,032,852)	$ 11,960	$ 18,054,182

During 2015 and 2014, OMEGA JV2 recorded an adjustment to electric plant and equipment to reflect the revised estimate of the ARO (Note 4).

NOTE 4 – ASSET RETIREMENT OBLIGATIONS

Under the terms of lease agreements, OMEGA JV2 has an obligation to remove electric generators from the leased sites where the units are located and to perform certain restoration activities at the sites.

Asset retirement obligation activity for the years ended December 31 is as follows:

	2015			
	Beginning Balance	Revisions to Estimate	Accretion Expense	Ending Balance
Asset retirement obligation	$ 1,520,141	$ (27,626)	$ 70,000	$ 1,562,515

	2014			
	Beginning Balance	Revisions to Estimate	Accretion Expense	Ending Balance
Asset retirement obligation	$ 1,498,059	$ (50,272)	$ 72,354	$ 1,520,141

Asset retirement obligations are determined based on detailed cost estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated using an inflation factor to the estimated removal dates, and then discounted using a credit adjusted risk-free interest rate. The removal date for each unit was determined based on the estimated life of the units. The accretion of the liability and amortization of the property and equipment will be recognized over the estimated useful lives of each unit. OMEGA JV2 updated its estimate of its asset retirement obligation based on an updated legal and technical study performed during 2015 and 2014.

NOTE 5 – NET POSITION

GASB No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

NOTE 5 – NET POSITION (cont.)

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The following calculation supports the net investment in capital assets:

	2015	2014
Electric Plant and Equipment Assets	$ 59,408,240	$ 58,072,184
Asset Retirement Obligation	848,275	823,325
Accumulated Depreciation	(44,047,386)	(40,841,327)
Total Net Investment in Capital Assets	$ 16,209,129	$ 18,054,182

NOTE 6 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

The Project is subject to regulation by federal, state and local authorities related to environmental and other matters. Changes in regulations could adversely affect the operations and operating cost of OMEGA JV2.

On February 17, 2010, the US EPA promulgated the RICE NESHAP Rule establishing emission limits and work practice standards for compression ignited diesel engines at area sources. OMEGA JV2's engines were affected by this rule and were in compliance by May 2013.

Many metropolitan and industrialized counties in Ohio have become nonattainment areas under the new fine particulate matter ambient air quality standards and will likely become a nonattainment area for ozone. This may require substantial local reductions of nitrogen oxides, volatile organic compounds, sulfur dioxide, nitrogen oxides and particulate matter. In addition to emissions reductions required to achieve local compliance, additional reductions may be required to achieve compliance in down-wind, neighboring states. Butler (Hamilton) and Medina (Seville) counties are non-attainment areas for fine particulate matter; therefore, the Ohio Environmental Protection Agency may restrict the hours of operations or require additional pollution control equipment for the portions of the Project in these areas.

NOTE 7 – RISK MANAGEMENT

OMEGA JV2 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. No claims have been filed in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 8 – RELATED PARTY TRANSACTIONS

OMEGA JV2 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services, including dispatching electrical control. The cost of these services for the years ended December 31, 2015 and 2014 was $169,898 and $205,413, respectively. OMEGA JV2's payables to AMP as of December 31, 2015 and 2014 were $47,497 and $23,910, respectively.

- As OMEGA JV2's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expenses related to these services were $775,364 and $712,355 for the years ended December 31, 2015 and 2014, respectively. OMEGA JV2 had a payable to MESA for $42,311 and $75,561 at December 31, 2015 and 2014, respectively.

- Participants with units sited in their communities provide utilities to the generating units. OMEGA JV2 incurred expenses of $103,707 and $134,224 for these services for the years ended December 31, 2015 and 2014, respectively.

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 2:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2"), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV2's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV2's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OMEGA JV2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 4

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2015 and 2014

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 4:

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4"), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 4 as of December 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016 on our consideration of OMEGA JV4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV4's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") for the years ended December 31, 2015 and 2014. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV4 prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV4's basic financial statements include the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

The statements of net position provide information about the nature and amount of assets, liabilities and deferred inflow of resources of OMEGA JV4 as of the end of the year. The statements of revenues, expenses and changes in net position report revenues and expenses for the year. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, investing and non-capital and related financing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV4 as of December 31:

Condensed Statement of Net Position

	2015	2014	2013
Assets			
Transmission line, net of accumulated depreciation	$ 984,548	$ 1,082,823	$ 1,176,598
Board designated funds	300,000	250,000	200,000
Current assets	430,258	454,369	462,904
Total Assets	$ 1,714,806	$ 1,787,192	$ 1,839,502
Net Position, Liabilities and Deferred Inflow of Resources			
Net investment in capital assets	$ 984,548	$ 1,082,823	$ 1,176,598
Net position - unrestricted	115,302	287,653	464,504
Current liabilities	12,159	15,817	11,325
Deferred inflow of resources	602,797	400,899	187,075
Total Net Position, Liabilities and Deferred Inflow of Resources	$ 1,714,806	$ 1,787,192	$ 1,839,502

2015 vs. 2014

Total assets were $1,714,806 and $1,787,192 as of December 31, 2015 and December 31 2014, respectively, a decrease of $72,386. The decrease in 2015 total assets is due to a decrease in operating cash of $17,154 and a decrease in receivables of $6,957 due to collections from members, along with an increase in accumulated depreciation of $98,275 from yearly depreciation expense. This is offset by an increase in board designated funds of $50,000 due to amounts collected from members in excess of operating expenses paid.

> Utility plant, net of accumulated depreciation was $984,548 and $1,082,823 at year-end 2015 and 2014, respectively, a decrease of $98,275. The decrease was the result of yearly depreciation.
>
> Current assets were $430,258 and $454,369 at December 31, 2015 and December 31, 2014, respectively, a decrease of $24,111, due to a decrease in cash and temporary investments. This decrease was mainly a result of collections from members in excess of operating expenses paid and an increase in maintenance reserve of $50,000, transferred into the decommissioning fund as this is the yearly amount specifically earmarked for decommissioning of power lines. In addition to this decrease, accounts receivable due to collections from members decreased by $6,957.

Total net position, liabilities, and deferred inflow of resources were $1,714,806 and $1,787,192 as of December 31, 2015 and December 31, 2014, respectively, a decrease of $72,386.

> Total net position was $1,099,850 and $1,370,476 at December 31, 2015 and December 31, 2014, respectively, a decrease of $270,626. Net investment in capital assets was $984,548 and $1,082,823 at December 31, 2015 and December 31, 2014, respectively, a decrease of $98,275. This decrease resulted from the yearly depreciation expense and a corresponding increase in accumulated depreciation. Unrestricted net position was $115,302 and $287,653 at December 31, 2015 and December 31, 2014, respectively, a decrease of $172,351, which was due to distributions to members.
>
> Current liabilities were $12,159 and $15,817 at December 31, 2015 and December 31, 2014, respectively, a decrease of $3,658. This resulted from a decrease in payable to related parties.
>
> Deferred inflow of resources increased to $602,797 at December 31, 2015 from $400,899 at December 31, 2014, which is an increase of $201,898. This was a result of member billings in excess of operating and maintenance incurred.

2014 vs. 2013

Total assets were $1,787,192 and $1,839,502 as of December 31, 2014 and 2013, respectively, a decrease of $52,310. The decrease in 2014 total assets is due to an increase in accumulated depreciation due to yearly depreciation expense, and a decrease in receivables of $4,871 due to collections from members, offset by an increase in Board Designated Funds of $50,000.

Transmission lines, net of accumulated depreciation were $1,082,823 and $1,176,598 at December 31, 2014 and 2013 respectively, a decrease of $93,775. This decrease was a result of yearly depreciation recorded, offset by the purchase of an easement for $4,500.

Current assets and board designated funds were $704,369 and $662,904 as of December 31, 2014 and 2013, respectively, an increase of $41,465. This increase was mainly a result of an increase in maintenance reserve of $50,000, transferred into the decommissioning fund as this is the yearly amount specifically earmarked for decommissioning of power lines offset by a $5,605 decrease in operating cash and a $4,871 decrease in accounts receivable due to collections from members.

Total net position, liabilities and deferred inflow of resources were $1,787,192 and $1,839,502 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $52,310.

Total net position was $1,370,476 and $1,641,102 as of December 31, 2014 and 2013, respectively, a decrease of $270,626 which resulted from the operating loss of $98,275 plus distributions to participants of $172,351. Net investment in capital assets was $1,082,823 and $1,176,598 as of December 31, 2014 and 2013, respectively, which is a decrease of $93,775. The decrease resulted from decrease in utility plant assets, due to depreciation offset by the purchase of an easement for $4,500. Net position – unrestricted, was $287,653 and $464,504 as of December 31, 2014 and 2013, respectively, a decrease of $176,851 due to distributions to members.

Current liabilities were $15,817 and $11,325 as of December 31, 2014 and 2013, respectively, an increase of $4,492 due mainly to an increase in payables to related parties for MESA services for $4,162.

Deferred inflows of resources were $400,899 and $187,075 at December 31, 2014 and December 31, 2013, respectively, an increase of $213,824. This was a result of member billings in excess of operating and maintenance expense incurred.

The following table summarizes the changes in revenues, expenses and net position of OMEGA JV4 for the year ended December 31:

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2015	2014	2013
Operating revenues	$ 68,102	$ 56,175	$ 83,776
Operating expenses	166,772	154,765	183,909
Operating Income	(98,670)	(98,590)	(100,133)
Nonoperating revenues			
Investment income	395	315	1,858
Income Before Distributions	(98,275)	(98,275)	(98,275)
Distributions to participants	172,351	172,351	172,351
Change in Net Position	$ (270,626)	$ (270,626)	$ (270,626)

Total operating revenues in 2015 were $68,102 versus $56,175 in 2014 which is an increase of $11,927 due to a decrease in deferred inflow of resources recognized as compared to prior year for member billings in excess of expenses incurred.

Operating expenses in 2015 were $166,772 versus $154,765 in 2014 which is an increase of $12,007. The increase in operating expenses in 2015 is due mainly to increases in maintenance expense of $18,524, due to 2014 transmission line maintenance being deferred until 2015, an increase in other operating expenses of $9,737, offset by a decrease in MESA and AMP related party services of $16,692. Operating expenses in 2014 were $154,765 versus $183,909 in 2013 which is a decrease of $29,144. The decrease in operating expenses in 2014 is mainly due to decrease in transmission line maintenance that was deferred until 2015.

Investment income in 2015 was $395 versus $315 in 2014, an increase of $80 due to an increase in the balance of investments earning interest. Investment income in 2014 was $315 versus $1,858 in 2013 which is a decrease of $1,543 due to lower interest earned on different types of investments. Investment income for OMEGA JV4 is interest earned on checking account balances and short term investments.

If you have questions about this report, or need additional financial information, contact management at 614.540.1111 or 1111 Schrock Road – Suite 100, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 403,589	$ 420,743
Receivables	22,500	29,457
Prepaid expenses	4,169	4,169
Total Current Assets	430,258	454,369
NONCURRENT ASSETS		
Utility Plant		
Transmission line	2,645,438	2,645,438
Accumulated depreciation	(1,660,890)	(1,562,615)
Net Utility Plant	984,548	1,082,823
Other Assets		
Board designated funds	300,000	250,000
Total Non-Current Assets	1,284,548	1,332,823
TOTAL ASSETS	$ 1,714,806	$ 1,787,192
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accrued expenses	$ 10,748	$ 10,206
Payable to related parties	1,411	5,611
Total Current Liabilities	12,159	15,817
DEFERRED INFLOW OF RESOURCES		
Rates intended to recover future costs	602,797	400,899
NET POSITION		
Net investment in capital assets	984,548	1,082,823
Unrestricted	115,302	287,653
Total Net Position	1,099,850	1,370,476
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 1,714,806	$ 1,787,192

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Transmission revenue	$ 68,102	$ 56,175
OPERATING EXPENSES		
Related party personnel services	21,187	37,879
Depreciation	98,275	98,275
Maintenance	18,524	-
Professional services	10,660	10,222
Other operating expenses	18,126	8,389
Total Operating Expenses	166,772	154,765
Operating Income (Loss)	(98,670)	(98,590)
NONOPERATING REVENUES		
Investment income	395	315
Income (Loss) before Distributions	(98,275)	(98,275)
DISTRIBUTIONS TO PARTICIPANTS		
City of Bryan	(72,387)	(72,387)
Village of Pioneer	(51,705)	(51,705)
Village of Montpelier	(43,088)	(43,088)
Village of Edgerton	(5,171)	(5,171)
Total Distributions	(172,351)	(172,351)
Change in net position	(270,626)	(270,626)
NET POSITION, Beginning of Year	1,370,476	1,641,102
NET POSITION, END OF YEAR	$ 1,099,850	$ 1,370,476

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	$ 276,957	$ 274,870
Cash received from (paid to) related parties for personnel services	(25,387)	(33,717)
Cash paid to suppliers and related parties for goods and services	(46,768)	(20,222)
Net Cash Provided by Operating Activities	204,802	220,931
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Distributions to participants	(172,351)	(172,351)
Net Cash Used in Noncapital Financing Activities	(172,351)	(172,351)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	-	(4,500)
Investment income received	395	315
Net Cash Provided by (Used in) Investing Activities	395	(4,185)
Net Change in Cash and Cash Equivalents	32,846	44,395
CASH AND CASH EQUIVALENTS, Beginning of Year	670,743	626,348
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 703,589	$ 670,743
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (98,670)	$ (98,590)
Depreciation	98,275	98,275
Changes in assets and liabilities		
Receivables	6,957	4,871
Prepaid expenses	-	(1,941)
Accrued expenses	542	330
Payable to related parties	(4,200)	4,162
Deferred inflow of resources	201,898	213,824
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 204,802	$ 220,931
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	$ 403,589	$ 420,743
Board designated funds	300,000	250,000
TOTAL CASH AND CASH EQUIVALENTS	$ 703,589	$ 670,743

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 4 (“OMEGA JV4”) was organized by four subdivisions of the State of Ohio (the “Participants”) on December 1, 1995, pursuant to a Joint Venture Agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to undertake the Williams County Transmission Project (the “Project”). The Participants are members of American Municipal Power, Inc. (“AMP”). OMEGA JV4 owns and operates the Project. The Project consists of a 69 KV three-phase transmission line located in Williams County, Ohio. During 2015 and 2014 OMEGA JV4 derived a majority of its revenue from two customers. The Agreement continues until 60 days subsequent to the termination or disposition of the Project; provided, however, that each Participant shall remain obligated to pay to OMEGA JV4 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV4.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place or deferred until a future period in which they will be recovered through rates.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

OMEGA JV4 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Deposits and Investments (cont.)

OMEGA JV4 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

Board Designated Funds

OMEGA JV4's Board of Participants have designated funds for the potential decommissioning of transmission lines.

Utility Plant

The transmission line is recorded at cost. Depreciation is provided on the straight-line method from 19 to 30 years, based on the estimated useful life of the assets. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When utility plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

The transmission line is assessed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Asset Retirement Obligations

OMEGA JV4 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the cost of the related long-lived asset is increased. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount to settle the liability is recorded as a settlement gain or loss. Depreciation expense and accretion expense incurred, but not yet recovered through rates, are offset by regulatory assets to be recovered through future billings to Participants. OMEGA JV4 has determined that there is no asset retirement obligation associated with the transmission line or utility poles. OMEGA JV4 determined there were no legal requirements currently in place that would mandate special disposal of the utility poles and transmission lines as they are replaced.

Deferred Inflow of Resources

OMEGA JV4 records deferred inflows of resources (rates collected for expenses not yet incurred).

Net Position

All property constituting OMEGA JV4 is owned by the Participants as tenants in common in undivided shares, each share being equal to that Participant's percentage ownership interest as follows:

Municipality	Percent Project Ownership and Entitlement
Bryan	42.00%
Pioneer	30.00
Montpelier	25.00
Edgerton	3.00
Totals	100.00%

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUE AND EXPENSES

OMEGA JV4 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with OMEGA JV4's principal ongoing operations. The principal operating revenues of OMEGA JV4 are charges to participants for transmission services. Operating expenses include the cost of transmission services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Operating revenues are recognized when transmission service is delivered. OMEGA JV4's rates for transmission service are set by contracts with the customers. Periodically OMEGA JV4 will distribute earnings to its participants based on available operating cash. These distributions are approved by the Board of Participants.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27,* Statement, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68.* These standards had no effect on OMEGA JV4's financial statements.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31,		
	2015	2014	Risks
Checking	$ 703,589	$ 670,743	Custodial credit

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and noninterest bearing accounts as of December 31, 2015 and 2014.

NOTE 1 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk

Custodial risk is the risk that in the event of a bank failure, OMEGA JV4's deposits may not be returned to it. OMEGA JV4 has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV4's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2015 and 2014, there were no deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV4 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV4 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services. As of December 31, 2015 and 2014, OMEGA JV4 had no investments with credit risk.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV4's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days. As of December 31, 2015 and 2014, OMEGA JV4 had no investments with interest rate risk.

NOTE 3 – UTILITY PLANT

Utility plant activity for the years ended December 31 is as follows:

	2015		
	Beginning Balance	Additions	Ending Balance
Transmission line	$ 2,645,438	$ -	$ 2,645,438
Less: Accumulated depreciation	(1,562,615)	(98,275)	(1,660,890)
Utility Plant, Net	$ 1,082,823	$ (98,275)	$ 984,548

	2014		
	Beginning Balance	Additions	Ending Balance
Transmission line	$ 2,640,938	$ 4,500	$ 2,645,438
Less: Accumulated depreciation	(1,464,340)	(98,275)	(1,562,615)
Utility Plant, Net	$ 1,176,598	$ (93,775)	$ 1,082,823

NOTE 4 – NET POSITION

GASB No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The following calculation supports the net investment in capital assets:

	2015	2014
Plant in service	$ 2,645,438	$ 2,645,438
Accumulated depreciation	(1,660,890)	(1,562,615)
Total Net Investment in Capital Assets	$ 984,548	$ 1,082,823

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Project is subject to regulation by federal, state and local authorities related to environmental and other matters. Changes in regulations could adversely affect the operations and operating cost of OMEGA JV4.

NOTE 6 – SIGNIFICANT CUSTOMERS

Transmission revenue in 2015 and 2014 was 100% derived from a nonparticipant. The contract with the nonparticipant can be cancelled on or after October 31, 2009 upon written notice six months prior to cancellation. As of December 31, 2015, no notice of cancellation had been received. A decision by the nonparticipant to purchase transmission service from a different provider would cause a significant decline in OMEGA JV4's transmission revenue and possibly impair the carrying value of the transmission line if replacement sales could not be found.

NOTE 7 – RISK MANAGEMENT

OMEGA JV4 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. OMEGA JV4 is self-insured for property damage risks related to its transmission line. No claims have been filed in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 8 – RELATED PARTY TRANSACTIONS

OMEGA JV4 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. The expenses related to these services $18,524 as of December 31, 2015. OMEGA JV4 had a payable of $396 due to AMP as of December 31, 2015 and $3,583 as of December 31, 2014.

- As OMEGA JV4's agent, AMP entered into an agreement with the Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services to OMEGA JV4. The expenses related to these services were $21,187 and $37,879 for the years ended December 31, 2015 and 2014, respectively. OMEGA JV4 had a payable to MESA of $1,015 and $2,028 at December 31, 2015 and 2014, respectively.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 4:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4"), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV4's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV4's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV4's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OMEGA JV4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2015 and 2014

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 5:

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5"), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 5 as of December 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016 on our consideration of OMEGA JV5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV5's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015, 2014 and 2013
(Unaudited)

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") for the years ended December 31, 2015 and 2014. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV5 prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV5's basic financial statements include the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

The statement of net position provides information about the nature and amount of assets and deferred outflows of resources and liabilities and deferred outflow of resources of OMEGA JV5 as of the end of the year. The statement of revenues, expenses and changes in net position reports revenues and expenses and the change in net position for the year. The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing and capital and related financing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV5 as of December 31:

	2015	2014	2013
Assets and Deferred Outflow of Resources			
Restricted assets - current	$ -	$ -	$ 7,759,990
Other current Assets	5,527,587	4,163,404	7,800,793
Restricted assets - noncurrent	3,034,597	3,009,612	3,334,810
Electric plant and land	109,086,709	113,787,195	118,173,628
Other assets	3,520,069	3,140,362	2,719,789
Deferred outflow of resources	-	-	1,758,060
Total assets and deferred outflow of resources	$ 121,168,962	$ 124,100,573	$ 141,547,070
Net Position, Liabilities, and Deferred Inflow of Resources			
Net investment in capital assets	$ 28,746,334	$ 27,191,666	$ 14,328,334
Net position - restricted	3,034,597	3,009,612	8,422,462
Net position - unrestricted	(28,793,044)	(27,213,391)	(12,978,833)
Net beneficial interest certificates	30,537,188	28,916,056	100,248,354
Note payable	49,803,187	57,679,473	-
Current liabilities	2,460,627	1,459,424	9,775,847
Noncurrent liabilities	414,986	1,054,898	92,118
Deferred inflow of resources	34,965,087	32,002,835	21,658,788
Total net position, liabilities, and deferred inflow of resources	$ 121,168,962	$ 124,100,573	$ 141,547,070

2015 vs. 2014

Total assets and deferred outflow of resources were $121,168,962 and $124,100,573 as of December 31, 2015 and December 31, 2014, respectively, a decrease of $2,931,611. The decrease was due to yearly depreciation which reduced the total asset balance by $4,705,550 as well as a decrease in receivables from related parties of $551,906 due to payment of an amount from AMP that occurred in 2014 that did not occur in 2015. This decrease was partially offset by an increase of $1,150,043 in receivables from the timing of REC credits sold to a counterparty, and an increase in regulatory assets due to expenses incurred in excess of revenue collected.

Total current assets were $5,527,587 and $4,163,404 as of December 31, 2015 and December 31, 2014, respectively, an increase of $1,364,183. This is mainly due to an increase of $1,150,043 in accounts receivable from REC sales to a counterparty and offset by a decrease of $551,906 in receivables from related parties due to payment of an amount due from AMP that occurred in 2014 that did not occur in 2015.

Utility plant assets were $109,086,709 and $113,787,195 as of December 31, 2015 and December 31, 2014, respectively, a decrease of $4,700,486. Utility plant assets decreased due to the yearly depreciation of $4,705,550 as well as the decrease of $1,318 in ARO assets that were recorded during the year. In 2015, OMEGA JV5 estimated an ARO asset of $313,314. OMEGA JV5 developed its estimate of its asset retirement obligation based on a legal and technical study performed during 2015. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2015.

Noncurrent restricted assets were $3,034,597 and $3,009,612 as of December 31, 2015 and December 31, 2014, respectively, an increase of $24,985 due to investment gains experienced during the year. These amounts at December 31, 2014 represent amounts in the Reserve and Contingency Fund that are held in accordance with the 2001 Certificates bond indenture.

Other assets were $3,520,069 and $3,140,362 as of December 31, 2015 and December 31, 2014, respectively, an increase of $379,707. The increase is mainly due to an increase of $377,158 in regulatory assets due to expenses incurred for the year in excess of revenues collected and $2,549 in prepaid bond insurance amortization.

Total net position, liabilities, and deferred inflow of resources were $121,168,962 and $124,100,573 as of December 31, 2015 and December 31, 2014, respectively, a decrease of $2,931,611.

Net position was $2,987,887 at December 31, 2015 and December 31, 2014.

Net Beneficial Interest Certificates were $30,537,188 and $28,916,056 at December 31, 2015 and December 31, 2014, respectively, an increase of $1,621,132. This is due to the accreted interest on the zero coupon bonds that begin to become due in 2025.

Note payable was $49,803,187 and $57,679,473 at December 31, 2015 and December 31, 2014, respectively, a decrease of $7,876,286. On February 15, 2014, all of the 2004 Certificates were redeemed from funds held under the trust agreement securing the 2004 Certificates and the proceeds of a note issued to AMP by OMEGA JV5. OMEGA JV5 made monthly principal payments on the promissory note during the year and the resulting balance was $49,803,187 at December 31, 2015. This long term portion was reclassified as short term at December 31, 2015 as the entire amount became due to AMP in January of 2016 as debt issued from a third party to repay the note payable.

Current liabilities were $2,460,627 and $1,459,424 at December 31, 2015 and December 31, 2014, respectively, an increase of $1,001,203. This increase was mainly due to an increase in accrued expenses mainly for accruals for amounts due to members for RECs sold to a third party.

Noncurrent liabilities were $414,986 and $1,054,898 at December 31, 2015 and December 31, 2014, respectively, a decrease of $639,912. This was the result of a decrease in accrued license fees and asset retirement obligation. The accrued license fees decreased by $638,594 due to the timing of the payment of yearly fees to the Federal Energy Regulatory Commission that were not paid until later in the year in 2014. Additionally, in 2015, OMEGA JV5 estimated an ARO liability and corresponding asset of $313,314, a decrease of $1,318 compared to the ending balance of $314,632 at December 31, 2014. OMEGA JV5 developed its estimate of its asset retirement obligation based on a legal and technical study performed during 2015.

Deferred inflow of resources was $34,965,087 and $32,002,835 as of December 31, 2015 and December 31, 2014, respectively an increase of $2,962,252. This was primarily the result of revenue received in excess of expenses, particularly for capacity revenue.

2014 vs. 2013

Total assets and deferred outflow of resources were $124,100,573 and $141,547,070 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $17,446,497. The decrease was due to restricted assets – funds held by trustee, cash and temporary investments that were liquidated and used to repay the 2004 Certificates called on February 15, 2014. Additionally, yearly depreciation reduced the total asset balance by depreciation expense of $4,701,065. These decreases were partially offset by an increase in regulatory assets and receivables from related parties.

Total current assets were $4,163,404 and $15,560,783 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $11,397,379. This is due to decreases of $7,759,990 in restricted assets – funds held by trustee and $4,277,197 in cash and temporary investments partially offset by an increase in receivables from related parties $567,318. Restricted assets – funds held by trustee were funds held in accordance with the 2004 Certificates bond indenture agreement. These investments as well as cash on hand used to repay amounts outstanding on the 2004 Certificates when these were called on February 15, 2014.

Utility plant assets were $113,787,195 and $118,173,628 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $4,386,433. Utility plant assets decreased as a result of depreciation. This amount was offset by an increase in ARO assets that were recorded during the year. In 2014, OMEGA JV5 estimated an ARO of $314,632. OMEGA JV5 developed its estimate of its asset retirement obligation based on a legal and technical study performed during 2014. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2014.

Noncurrent restricted assets were $3,009,612 and $3,334,810 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $325,198. These amounts at December 31, 2014 represent amounts in the Reserve and Contingency Fund that are held in accordance with the 2001 Certificates bond indenture. This amount was reduced in 2014 to repay the 2004 certificates as the Reserve and Contingency Fund amounts held in accordance with the 2004 Certificates bond indenture are no longer required and were used to repay the 2004 Certificates called during the year.

Other assets were $3,140,362 and $2,719,789 as of December 31, 2014 and December 31, 2013, respectively, an increase of $420,573. The increase is due to a regulatory asset debt service increase of $852,519 offset by decreased prepaid bond insurance of $431,946. The amount of prepaid bond insurance that related to the 2004 Certificates, called during the year was fully amortized by December 31, 2014.

Deferred outflow of resources were $0 and $1,758,060 as of December 31, 2014 and December 31, 2013, respectively a decrease of $1,758,060. This decrease is related to the amortization of the 1993 bond defeasance, which arose when that amount was called and the 2004 Certificates were issued. This amount was fully amortized by December 31, 2014 as this amount related fully to the 2004 Certificates called during the year.

Total net position, liabilities, and deferred inflow of resources were $124,100,573 and $141,547,070 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $17,446,497.

Net position was $2,987,887 and $9,771,963 at December 31, 2014 and December 31, 2013.

Net Beneficial Interest Certificates less current portion were $28,916,056 and $100,248,354 at December 31, 2014 and December 31, 2013, respectively, a decrease of $71,332,298. This reduction is mainly due to the full repayment of the 2004 Certificates during 2014 in the amount of $76,345,000, as well as a full amortization of the premium on the 2004 certificates of $1,877,341. On February 15, 2014, all of the 2004 Certificates were redeemed from funds held under the trust agreement securing the 2004 Certificates and the proceeds of a note issued by AMP to OMEGA JV5.

Note payable less current portion was $49,920,890 and $0 at December 31, 2014 and December 31, 2013, respectively, an increase of $49,920,890. On February 15, 2014, all of the 2004 Certificates were redeemed from funds held under the trust agreement securing the 2004 Certificates and the proceeds of a note issued to AMP by OMEGA JV5. OMEGA JV5 made monthly principal payments on the promissory note during the year and the resulting long term portion is $49,920,890 at December 31, 2014.

Current liabilities were $9,218,007 and $9,775,847 at December 31, 2014 and December 31, 2013, respectively, an increase of $557,840. This was due mainly to increases in the current portion of the note payable to AMP. This amount is the portion due within one year on the note issued by AMP to OMEGA JV5 used to repay the 2004 Certificates. The amount is due in 2015 based on the debt service collection plan approved by project participants in 2014. This increase was offset by decreases in accrued interest of $1,402,515 due on the 2004 Certificates in the prior year that were called in the current year. Additionally, debt service collected to be reimbursed to members collected in accordance with the 2004 Certificates bond indenture was reduced as that was refunded to participants in 2014 and will not occur again as this debt was called in 2014.

Noncurrent liabilities were $1,054,898 and $92,118 at December 31, 2014 and December 31, 2013, respectively, an increase of $962,780. This was the result of an increase in accrued license fees and asset retirement obligation. The accrued license fees increased $648,148 due to the timing of payments of yearly fees to the Federal Energy Regulatory Commission. Additionally, in 2014, OMEGA JV5 estimated an ARO liability and corresponding asset of $314,632. OMEGA JV5 developed its estimate of its asset retirement obligation based on a legal and technical study performed during 2014.

Deferred inflow of resources was $32,002,835 and $21,658,788 as of December 31, 2014 and December 31, 2013, respectively an increase of $10,344,047. This was primarily the result of deferred inflow of resources recorded relating to debt that was subsequently refinanced for $9,023,194. Additionally, amounts collected for long term operating and maintenance billing added to this amount for $1,320,853.

The following table summarizes the changes in revenues, expenses and net position of OMEGA JV5 for the years ended December 31:

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2015	2014	2013
Operating revenues	$ 24,424,933	$ 13,531,564	$ 22,506,356
Operating expenses	22,215,343	17,748,173	16,493,360
Operating income	2,209,590	(4,216,609)	6,012,996
Nonoperating income and expense			
Investment income	26,774	356,079	28,219
Interest expense	(2,222,537)	(4,368,941)	(6,416,305)
Amortization	(13,827)	1,445,395	375,090
Total nonoperating income/(expense)	(2,209,590)	(2,567,467)	(6,012,996)
Change in net position	$ -	$ (6,784,076)	$ -

Operating results

Operating revenues were $24,424,933 in 2015, an increase of $10,893,369 from 2014 operating revenue of $13,531,564. The increase in revenues was primarily due to increases in revenue related to debt service, REC sales to a third party and capacity sales to the RTO.

Operating revenues were $13,531,564 in 2014, a decrease of $8,974,792 over 2013. Revenue billed to members increased $1,727,335 to $23,199,568 from $21,472,233. This amount increased due to increases in variable revenue collected for $564,496 due to increased production in 2014 as compared to 2013. Also, amounts for renewable energy certificates and capacity sales increased $1,606,978. The increase in revenues billed to members was offset by amounts recorded due to deferred inflow of resources recorded in 2014 related to debt service collected in excess of refinanced debt in the amount of $9,023,194. This amount was recorded to match amounts billed to participants for operating assets, the value of those assets and the corresponding debt associated with those assets. This amount fluctuated in the current year because the 2004 certificates were called on February 15, 2014. The 2004 certificates were repaid using trustee cash, funds on hand and a note issued by AMP to OMEGA JV5.

Operating expenses were $22,215,343 in 2015, an increase of $4,467,170 from 2014 operating expenses of $17,748,173. This increase was primarily the result of an increase in capacity expense of $2,476,460 due to higher capacity prices in 2015 as compared to 2014. Operating expenses also increased due to increased purchased power of $808,371 expense due increased transmission costs. Additionally, the project experienced an increase of $589,751 in maintenance due to major maintenance performed in 2015 that was not performed in 2014 as well as an increase of $681,438 in labor and overhead offset by a decrease of $88,620 in other operating expenses.

Operating expenses were $17,748,175 in 2014, an increase of $1,254,815 from 2013. This increase was primarily the result of an increase in capacity expense of $666,250 due to higher capacity prices in 2014 as compared to 2013, and increased purchased power of $514,252 due to increased transmission costs which were offset by decreases in maintenance of $484,719 due to major maintenance performed in 2013 that was not performed in 2014.

Non-Operating expense totaled $2,209,590 in 2015 and $2,567,467 in 2014, respectively, a decrease of $357,877. This decrease was caused primarily by a decrease a decrease in interest charged on the note payable as the average amount outstanding was less than the prior year due to monthly payments. Amortization decreased by $1,459,222 from the prior year as intangible assets and liabilities related to the 2004 certificates were fully amortized in 2014. As such, the amortization did not recur in the current year as the only amount remaining is the amortization of the bond insurance related to the 2001 certificates.

Non-Operating expense totaled $2,567,467 in 2014 and $6,012,996 in 2013, respectively, a decrease of $3,445,529. This decrease was caused primarily by a decrease in interest expense in 2014 as the 2004 certificates were called on February 15, 2014 using trustee cash, cash on hand and a note issued by AMP to OMEGA JV5. This transaction reduced both the principal of debt outstanding on which interest is charged and the interest rate on the debt.

There were no distributions to participants in the past five years.

If you have questions about this report, or need additional financial information, contact management at 614.540.1111 or 1111 Schrock Road – Suite 100, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 2,934,188	$ 2,141,427
Receivables from participants	2,211,636	1,061,593
Receivables from related parties	25,412	577,318
Accrued interest receivable	63,734	63,734
Inventory	98,113	113,484
Prepaid expenses	194,504	205,848
Total Current Assets	5,527,587	4,163,404
NONCURRENT ASSETS		
Restricted Assets		
Restricted assets - funds held by trustee	3,034,597	3,009,612
Electric Plant and Land		
Electric plant in service	186,665,717	186,667,035
Land	431,881	431,881
Accumulated depreciation	(78,010,889)	(73,311,721)
Net Electric Plant and Land	109,086,709	113,787,195
Other Assets		
Prepaid bond insurance, net	224,928	222,379
Regulatory asset	3,295,141	2,917,983
Total Noncurrent Assets	115,641,375	119,937,169
TOTAL ASSETS	$ 121,168,962	$ 124,100,573

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	2015	2014
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	2,016,268	$ 1,320,867
Payable to related parties	444,359	138,557
Note payable - current	49,803,187	7,758,583
Total Current Liabilities	52,263,814	9,218,007
NONCURRENT LIABILITIES		
Accrued license fees	101,672	740,266
Note payable	-	49,920,890
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount	(25,587,812)	(27,208,944)
Asset retirement obligation	313,314	314,632
Total Noncurrent Liabilities	30,952,174	79,891,844
Total Liabilities	83,215,988	89,109,851
DEFERRED INFLOW OF RESOURCES		
Rates intended to recover future costs	34,965,087	32,002,835
TOTAL DEFERRED INFLOW OF RESOURCES	34,965,087	32,002,835
NET POSITION		
Net investment in capital assets	28,746,334	27,191,666
Restricted	3,034,597	3,009,612
Unrestricted	(28,793,044)	(27,213,391)
Total Net Position	2,987,887	2,987,887
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 121,168,962	$ 124,100,573

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Electric revenue	$ 24,424,933	$ 13,531,564
OPERATING EXPENSES		
Purchased power	7,439,502	6,631,131
Capacity	3,780,051	1,303,591
Related party services	2,189,958	1,508,520
Depreciation	4,705,550	4,701,065
Maintenance	1,530,914	941,163
Utilities	195,180	215,126
Insurance	400,677	405,986
Professional services	78,687	62,245
Payment in lieu of taxes	840,000	840,000
Other operating expenses	1,054,824	1,139,346
Total Operating Expenses	22,215,343	17,748,173
Operating Income (Loss)	2,209,590	(4,216,609)
NONOPERATING INCOME AND EXPENSE		
Investment income	26,774	356,079
Interest expense	(2,222,537)	(4,368,941)
Amortization of insurance	(13,827)	(431,946)
Amortization of premium	-	1,877,341
Total Nonoperating Expense	(2,209,590)	(2,567,467)
Change in net position	-	(6,784,076)
NET POSITION, Beginning of Year	2,987,887	9,771,963
NET POSITION, END OF YEAR	$ 2,987,887	$ 2,987,887

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF CASH FLOWS
December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 25,859,984	$ 22,437,697
Cash paid to related parties for personnel services	(1,884,156)	(1,528,534)
Cash payments to suppliers and related parties for goods and services	(14,690,790)	(11,150,190)
Net Cash Provided by Operating Activities	9,285,038	9,758,973
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on beneficial interest certificates	-	(76,345,000)
Interest payments on beneficial interest certificates	-	(1,897,700)
Proceeds from issuance of note payable to related party	-	65,891,509
Principal payments on note payable to related party	(7,876,286)	(8,212,036)
Interest payments on note payable to related party	(601,406)	(580,653)
Proceeds from debt service to be refunded to members	-	232,270
Payment of debt service refunded to members	-	(1,502,093)
Net Cash Used in Capital and Related Financing Activities	(8,477,692)	(22,413,703)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(24,985)	(1,168,517)
Investments sold and matured	-	9,253,708
Investment income received	10,400	292,342
Net Cash Provided by (Used in) Investing Activities	(14,585)	8,377,533
Net Change in Cash and Cash Equivalents	792,761	(4,277,197)
CASH AND CASH EQUIVALENTS, Beginning of Year	2,141,427	6,418,624
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,934,188	$ 2,141,427

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ 2,209,590	$ (4,216,609)
Noncash items in operating income		
Depreciation	4,705,550	4,701,065
Changes in assets and liabilities		
Receivables from participants	(1,150,043)	(137,375)
Receivables from related parties	551,906	(567,318)
Regulatory asset	(383,541)	(733,221)
Inventory	15,371	6,300
Prepaid expenses	11,344	3,021
Deferred inflows	2,962,252	10,344,047
Accounts payable and accrued expenses	695,401	(269,071)
Payable to related parties	305,802	(20,014)
Accrued license fees	(638,594)	648,148
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 9,285,038	$ 9,758,973
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	$ 2,934,188	$ 2,141,427
Funds held by trustee	3,034,597	3,009,612
Total Cash Accounts	5,968,785	5,151,039
Less Non-cash equivalents	(3,034,597)	(3,009,612)
TOTAL CASH AND CASH EQUIVALENTS	$ 2,934,188	$ 2,141,427
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ (1,318)	$ 314,633

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") was organized by 42 subdivisions of the State of Ohio (the "Participants") on April 20, 1993, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose was to undertake the Belleville Hydroelectric Project (the "Project"). The Participants are members of American Municipal Power, Inc. ("AMP"). OMEGA JV5 constructed and owns and operates the Project. The Project operations consist of:

- The Belleville hydroelectric generating plant and associated transmission facilities ("Belleville Hydroelectric Facilities");
- Backup generation facilities, including contracts for the output thereof; and
- Power purchased on behalf of OMEGA JV5 participants.

The Belleville Hydroelectric Facilities consists of a run-of-the-river hydroelectric plant designed for a capacity of 42 megawatts and approximately 26.5 miles of 138-kilovolt transmission facilities. The plant is located in West Virginia, on the Ohio River, at the Belleville Locks and Dam.

The Project was constructed with proceeds from the issuance of beneficial interest certificates (the "Certificates"). The Certificates evidence the obligation of the Participants to pay for the cost of the Project from revenues of their electric systems. The Agreement continues until 60 days subsequent to the termination or disposition of the Project and thereafter until the date the principal of, premium, if any, and interest on all bonds have been paid or deemed paid in accordance with any applicable trust indenture; provided, however, that each Participant shall remain obligated to pay to OMEGA JV5 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV5.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place or deferred until a future period in which they will be recovered through rates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (cont.)

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES, DEFERRED INFLOW/OUTFLOW OF RESOURCES AND NET POSITION

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

OMEGA JV5 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV5 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW/OUTFLOW OF RESOURCES AND NET POSITION (cont.)

Inventory

Inventory consists of fuel and is stated at the lower of first-in, first-out ("FIFO") cost or market.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

OMEGA JV5 Plant

OMEGA JV5 plant is recorded at cost and consists of the hydroelectric plant, equipment, transmission facilities, and backup generating units. Depreciation is provided on the straight-line method over the estimated useful life of the assets ranging from 3 to 40 years. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When OMEGA JV5 plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

OMEGA JV5 plant assets are assessed for impairment whenever events or changes in circumstances indicate that the service of the capital asset may have significantly and unexpectedly declined. If it is determined that impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

Asset Retirement Obligations

OMEGA JV5 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the cost of the related long-lived asset is increased. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount to settle the liability is recorded as a settlement gain or loss. Depreciation expense and accretion expense incurred, but not yet recovered through rates, are offset by regulatory assets to be recovered through future billings to Participants. OMEGA JV5 determined in 2015 that there is an asset retirement obligation associated with the back-up diesel units.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW/OUTFLOW OF RESOURCES AND NET POSITION (cont.)

Regulatory Assets

OMEGA JV5 records regulatory assets (expenses to be recovered in rates in future periods).

Deferred Inflow of Resources

OMEGA JV5 records deferred inflows of resources (rates collected for expenses not yet incurred). In addition, consist of revenue related to amounts prepaid by the Participants for operation and maintenance expenses and are recorded as income when the related expenditure occurs.

Long-Term Obligations

Long-term debt and other obligations are reported as OMEGA JV5 liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW/OUTFLOW OF RESOURCES AND NET POSITION (cont.)

Net Position

All property constituting OMEGA JV5 is owned by the Participants as tenants in common in undivided shares, each share being equal to that Participant's percentage ownership interest as follows:

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Cuyahoga Falls	7,000	16.67%
Bowling Green	6,608	15.73
Niles	4,463	10.63
Napoleon	3,088	7.35
Jackson	3,000	7.14
Hudson	2,388	5.69
Wadsworth	2,360	5.62
Oberlin	1,270	3.02
New Bremen	1,000	2.38
Bryan	919	2.19
Hubbard	871	2.07
Montpelier	850	2.02
Minster	837	1.99
Columbiana	696	1.66
Wellington	679	1.62
Versailles	460	1.10
Monroeville	427	1.02
Oak Harbor	396	0.94
Lodi	395	0.94
Pemberville	386	0.92
Edgerton	385	0.92

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW/OUTFLOW OF RESOURCES AND NET POSITION (cont.)

Net Position *(cont.)*

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Arcanum	352	0.84%
Seville	344	0.82
Brewster	333	0.79
Pioneer	321	0.76
Genoa	288	0.69
Jackson Center	281	0.67
Grafton	269	0.64
Elmore	244	0.58
Woodville	209	0.50
Milan	163	0.39
Bradner	145	0.35
Beach City	128	0.30
Prospect	115	0.27
Haskins	56	0.13
Lucas	54	0.13
Arcadia	46	0.11
South Vienna	45	0.11
Waynesfield	35	0.08
Eldorado	35	0.08
Republic	35	0.08
Custar	24	0.06
Totals	42,000	100.00%

REVENUE AND EXPENSES

OMEGA JV5 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV5's principal ongoing operations. The principal operating revenues of OMEGA JV5 are charges to participants for sales of electric power. Operating expenses include the cost of generation and transmission, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Operating revenues are recognized when earned as service is delivered. OMEGA JV5's rates for electric power are designed to cover annual operating costs except depreciation. Debt service is billed separately to the Participants. Rates are set annually by the Board of Participants. Periodically OMEGA JV5 will distribute earnings to its participants based on available operating and rate stabilization cash. These distributions are approved by the Board of Participants. No distributions were made in 2015 or 2014.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27,* Statement, Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68.* These standards had no impact on OMEGA JV5's financial statements.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

	Carrying Value as of December 31, 2015	Carrying Value as of December 31, 2014	Risks
Checking/Money Market Funds	$ 5,825,565	$ 5,148,257	Custodial credit
Government Money Market Mutual Fund	143,220	782	Credit, interest rate
Commercial Paper	-	2,000	Credit, interest rate, custodial credit, concentration of credit
Total Cash, Cash Equivalents, and Investments	$ 5,968,785	$ 5,151,039	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for accounts as of December 31, 2015 and 2014.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial risk is the risk that in the event of a bank failure, OMEGA JV5's deposits may not be returned to it. OMEGA JV5 has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV5's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2015 and 2014, there were no deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, OMEGA JV5 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. OMEGA JV5's investment policy does not address this risk.

As of December 31, 2015 and 2014, OMEGA JV5's investments were exposed to custodial credit risk as follows:

	2015		2014	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	-	-	$ 2,000	$ 2,000

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV5 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV5 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services at the time of purchase.

As of December 31, 2015, OMEGA JV5's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Government Money Market Mutual Fund	AAAm	Aaa

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2014, OMEGA JV5's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Government Money Market Mutual Fund	AAAm	Aaa
Commercial Paper	A-1	P-1

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. OMEGA JV5's investment policy requires diversification of investments to limit losses from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security, except for US Treasury and fixed rate non-callable Federal Agency securities.

At December 31, 2015 and 2014, OMEGA JV5's investment portfolio was concentrated as follows:

		Percentage of Portfolio	
Issuer	Investment Type	2015	2014
Abbey Bank	Commercial Paper	-	50.00%
Credit Suisse	Commercial Paper	-	50.00%

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV5's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

As of December 31, 2015, OMEGA JV5 investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Government Money Market Mutual Fund	n/a	n/a	$ 143,220

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2014, OMEGA JV5's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Abbey Bank	2/17/2015	48	$ 1,000
Credit Suisse Financial	2/17/2015	48	1,000
Government Money Market Mutual Fund	n/a	55	782
			$ 2,782

NOTE 3 – RESTRICTED ASSETS

Restricted assets include those assets comprising the Debt Service Reserve, Certificate Payment Fund, and Reserve and Contingency Funds, which are established and maintained pursuant to the fund agreement for the Certificates. Substantially all assets in the Certificate Payment Fund are available only to meet principal and interest payments on the Certificates. As part of the refunding of the 1993 Certificates in February 2004, the Debt Service Reserve Fund was liquidated. Assets in the Reserve and Contingency Fund are to be used for the following purposes: (i) subject to certain conditions, to remedy deficiencies in bond debt service payments; (ii) to pay for operating expenses to the extent that other operating funds are not sufficient; (iii) to pay for major repairs and maintenance; and (iv) to provide for the decommissioning of the Project.

The Certificates' trust agreement limits permissible restricted investments to those authorized for municipalities by Chapter 135 of the Ohio Revised Code and also permits investments approved in writing by the AMBAC Assurance Corporation ("AMBAC") and MBIA Insurance Corporation ("MBIA"). The trust agreement does not restrict the duration of investments to the limitations imposed by Chapter 135. At December 31, 2015 and 2014, all investments were purchased in the name of the restricted funds' trustee and are held by the trustee. The investments held by the trustee are uninsured and unregistered.

The following calculation supports the amount of restricted Net Position:

	2015	2014
Restricted Assets		
Reserve and contingency fund	3,034,597	3,009,612
Less:		
Current Liabilities Payable From Restricted Assets	-	-
Total Restricted Net Position	$ 3,034,597	$ 3,009,612

NOTE 4 – UTILITY PLANT

Utility plant activity for the years ended December 31 is as follows:

	2015			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric Plant and Equipment	$186,667,035	-	$ (1,318)	$186,665,717
Land	431,881	-	-	431,881
Total Utility Plant in Service	187,098,916	-	(1,318)	187,097,598
Less: Accumulated depreciation	(73,311,721)	(4,705,550)	6,382	(78,010,889)
Utility Plant, Net	$113,787,195	$(4,705,550)	$ 5,064	$109,086,709

	2014			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric Plant and Equipment	$ 186,352,403	-	$ 314,632	$ 186,667,035
Land	431,881	-	-	431,881
Total Utility Plant in Service	186,784,284	-	314,632	187,098,916
Less: Accumulated depreciation	(68,610,656)	(4,701,065)	-	(73,311,721)
Utility Plant, Net	$ 118,173,628	$(4,701,065)	$ 314,632	$113,787,195

NOTE 5 – PREPAID BOND INSURANCE

In connection with the issuance of the 2001 Certificates, OMEGA JV5 paid $407,000 on behalf of the Participants for municipal bond insurance. In consideration for the payment of the premium and subject to the terms of the policy, the insurance company agrees to pay to the State Street Bank and Trust Company of New York, as trustee, or its successor, for benefit of the bondholders, that portion of the principal and interest on the 2001 Certificates that becomes due for payment but remains unpaid by reason of nonpayment by the Participants. This cost is being amortized over the maturities of the 2001 Certificates.

In connection with the issuance of the 2004 Certificates, OMEGA JV5 paid $1,264,718 on behalf of the Participants for municipal bond insurance. In consideration for the payment of the premium and subject to the terms of the policy, the insurance company agrees to pay to the United States Trust Company of New York, as trustee, or its successor, for benefit of the bondholders, that portion of the principal and interest on the 2004 Certificates that becomes due for payment but remains unpaid by reason of nonpayment by the Participants. This cost was being amortized over the maturities of the 2004 Certificates, and was fully amortized by December 31, 2014 as the 2004 Certificates were called on February 15, 2014.

NOTE 5 – PREPAID BOND INSURANCE (cont.)

In connection with the issuance of the 2004 Certificates, OMEGA JV5 paid $325,834 to Ambac Assurance Corporation for the purchase of a financial guaranty insurance policy. In consideration for the payment of the premium and subject to the terms of the policy, Ambac Assurance Corporation agrees to pay to The Bank of New York, as trustee, or its successor, that portion of the principal and interest on the 2004 Certificates, which becomes due for payment, but shall be unpaid, due to nonpayment by OMEGA JV5. This cost was being amortized over the maturities of the 2004 Certificates, and was fully amortized by December 31, 2014 as the 2004 Certificates were called on February 15, 2014.

NOTE 6 – ASSET RETIREMENT OBLIGATIONS

Under the terms of lease agreements, OMEGA JV5 has an obligation to remove electric generators from the leased sites on which the units are located and to perform certain restoration of the sites.

Asset retirement obligation activity for the year ended December 31 is as follows:

	2015			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 314,632	$ 7,188	$ (8,506)	$ 313,314

	2014			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ -	$ 530	$ 314,102	$ 314,632

Asset retirement obligations are determined based on detailed cost estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated using an inflation factor to the estimated removal dates, and then discounted using a credit adjusted risk-free interest rate. The removal date for each unit was determined based on the estimated life of the unit. The accretion of the liability and amortization of the property and equipment will be recognized over the estimated useful life of each unit. OMEGA JV5 developed its estimate of its asset retirement obligation based on a legal and technical study performed during 2015.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES AND NOTE PAYABLE

In February, 2004 OMEGA JV5 issued 2004 Beneficial Interest Refunding Certificates (“2004 Certificates”) totaling $116,910,000 for the purpose of refunding the principal of the outstanding 1993 Beneficial Interest Certificates (“1993 Certificates”) due in the years 2005 through 2024. The 2004 Certificates were sold at a premium of $7,674,145.

OMEGA JV5 paid a redemption premium of $1,313,550 to redeem the 1993 Certificates. The difference between the reacquisition price of $132,668,550 and the net carrying amount of the 1993 Certificates, including unamortized discount and issuance costs, of $126,112,000.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES AND NOTE PAYABLE (cont.)

OMEGA JV5 refunded the 1993 Certificates to reduce the total debt service payments through 2024 by approximately $24,000,000 and to obtain an economic gain (difference between the present value of the debt service payments on the 1993 Certificates and the 2004 Certificates) of $18,593,150.

On February 15, 2014, all of the 2004 Certificates were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a note issued to AMP by OMEGA JV5. The resulting promissory note amount outstanding was $49,803,187 and $57,679,473 as of December 31, 2015 and December 31, 2014, respectively.

Subsequent to year end, on January 19, 2016, OMEGA JV5 issued the Beneficial Interest Refunding Certificates, Series 2016 (the "2016 Certificates") in the amount of $49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to $49,243,377 at the time of refunding.

The 2001 Beneficial Interest Certificates (the "2001 Certificates") outstanding at December 31, 2015 are as follows:

Maturity Date February 15,	Maturity Amount	Yield to Maturity
2025	$ 10,915,000	5.51%
2026	10,915,000	5.52
2027	10,915,000	5.53
2028	10,915,000	5.54
2029	10,465,000	5.55
2030	2,000,000	5.56
Sub-Total	56,125,000	
Less: Unamortized discount	(25,587,812)	
Total	$ 30,537,188	

The interest component of the 2001 Certificates will accrete from the date of issuance, compounded semiannually on February 15 and August 15 of each year, commencing February 2002, with the original discount amount of $42,225,017, and will be payable at maturity as a component of the maturity. The 2001 Certificates are not subject to redemption prior to maturity.

Except for the limited step-up provisions in the event of default by a Participant as described in Section 18 of the Joint Venture Agreement, the 2004 Certificates and the 2001 Certificates are payable solely from bond debt service payments to be made by the OMEGA JV5 Participants pursuant to an agreement dated as of January 1, 1993. The bond debt service payments are obligations of the OMEGA JV5 Participants, payable from the revenues of their municipal electric systems, subject only to the prior payment of the operation and maintenance expenses thereof. For accounting purposes, the obligation for repayment of the Certificates is reflected in the financial statements of OMEGA JV5.

The terms of the trust agreement related to the Certificates contain various covenants, the most restrictive of which require the timely payment of debt service and for the Participants of OMEGA JV5 to comply with the provisions of the Joint Venture Agreement.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES AND NOTE PAYABLE (cont.)

Under the Joint Venture Agreement, the Participants must manage electric system revenues and expenditures so that, in each year, those revenues received in that year cover the greater of (i) operating and maintenance ("O&M") expenses plus 110% of its OMEGA JV5 bond debt service payments and any other senior electric revenue debt, or (ii) O&M expenses plus 100% of its OMEGA JV5 bond debt service payments and all other electric system debt whether revenue or general obligation ("debt service coverage ratio").

Based upon unaudited financial information for the years ended December 31, 2015 and 2014, one and two participants, respectively, were not able to certify compliance with the debt service coverage ratio requirement of the Joint Venture Agreement.

Annual debt service requirements for the next five years and cumulative requirements thereafter for the 2001 Certificates and note payable at December 31, 2015 are as follows:

	Principal	Interest	Totals
2016	$ 49,803,187	$ 52,651	$ 49,855,838
2017 – 2020	-	-	-
2021 – 2025	10,915,000	-	10,915,000
2026 – 2030	45,210,000	-	45,210,000
Totals	$ 105,928,187	$ 52,651	$ 105,980,838

The fair value of the Certificates was estimated by using quoted market prices and is as follows:

	December 31, 2015		December 31, 2014	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt, including current maturities:				
2001 Certificates	$ 30,537,188	$ 39,330,469	$ 28,916,056	$ 37,446,648

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES AND NOTE PAYABLE (cont.)

Long-term liability activity for the years ended December 31 is as follows:

	2015			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(27,208,944)	-	1,621,132	(25,587,812)
	28,916,056	-	1,621,132	30,537,188
Note payable	57,679,473	-	(7,876,286)	49,803,187
Less: Current maturities	(7,758,583)	(42,044,604)	-	(49,803,187)
	49,920,890	(42,044,604)	(7,876,286)	-
Asset retirement obligation	314,632	-	(1,318)	313,314
Accrued license fees	740,266	-	(638,594)	101,672
Totals	$ 79,891,844	$ (42,044,604)	$ (6,895,066)	$ 30,952,174

	2014			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(28,743,987)	-	1,535,043	(27,208,944)
	27,381,013	-	1,535,043	28,916,056
2004 certificates	76,345,000	-	(76,345,000)	-
Less: Current maturities	(5,355,000)	-	5,355,000	-
Unamortized premium	1,877,341	-	(1,877,341)	-
	72,867,341	-	(72,867,341)	-
Note payable	-	65,891,509	(8,212,036)	57,679,473
Less: Current maturities	-	(7,758,583)	-	(7,758,583)
	-	58,132,926	(8,212,036)	49,920,890
Asset retirement obligation	-	314,632	-	314,632
Accrued license fees	92,118	648,148	-	740,266
Totals	$ 100,340,472	$ 59,095,706	$ (79,544,334)	$ 79,891,844

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES AND NOTE PAYABLE (cont.)

Deferred inflow of resources at December 31 is as follows:

	2015	2014
Debt service billed to Participants for Certificates in excess of related expenses	$ 31,807,600	$ 30,207,171
Debt service billed to Participants for funding the Reserve and Contingency Fund and accumulated interest	2,790,481	1,428,658
Inventories billed to Participants	367,006	367,006
Total Deferred Inflow of Resources	$ 34,965,087	$ 32,002,835

NOTE 8 – NET POSITION

GASB No. 63 requires the classification of net position into three components –net position invested in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - The component consists of the portion of net position that does not meet the definition of "restricted" or "net investment in capital assets." When both restricted and unrestricted resources are available for use, it is OMEGA JV5's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 8 – NET POSITION (cont.)

The following calculation supports the net investment in capital assets:

	2015	2014
Plant assets	$ 186,665,717	$ 186,667,035
Land	431,881	431,881
Accumulated depreciation	(78,010,889)	(73,311,721)
Sub-Totals	109,086,709	113,787,195
Related debt:		
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount – 2001 Beneficial interest certificates	(25,587,812)	(27,208,944)
Note payable	49,803,187	57,679,473
Sub-Totals	80,340,375	86,595,529
Total Net Investment In Capital Assets	$ 28,746,334	$ 27,191,666

NOTE 9 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

OMEGA JV5 is subject to regulation by federal, state and local authorities related to Environmental and other matters. Changes in regulations could adversely affect operations and operating costs of OMEGA JV5.

On February 17, 2010, the US EPA promulgated the RICE NESHAP Rule establishing emission limits and work practice standards for compression ignited diesel engines at area sources. The OMEGA JV5 engines are affected by this rule and were in compliance by May 2013.

Many metropolitan and industrialized counties in Ohio have become non-attainment areas under the new ozone and fine particulate matter ambient air quality standards. This may require substantial local reductions of nitrogen oxides, volatile organic compounds, sulfur dioxide, and particulate matter. In addition to emissions reductions required to achieve compliance in down-wind, neighboring states. Medina (Wadsworth) County is a non-attainment area for fine particulate matter; therefore, the Ohio Environmental Protection Agency may restrict the hours of operations or require additional pollution control equipment for the OMEGA JV5 backup generation facilities in this area.

OTHER COMMITMENTS

OMEGA JV5 has agreed to make certain payments in lieu of taxes to Wood County, West Virginia. The payments in lieu of taxes will be approximately $840,000 annually until the later of September 1, 2028 or until such time as the Project ceases commercial operations.

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NOTE 10 – RISK MANAGEMENT

OMEGA JV5 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. There were no significant reductions in coverage in 2015.

NOTE 11 – RELATED PARTY TRANSACTIONS

OMEGA JV5 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. The cost of these services for the years ended December 31, 2015 and 2014 was $158,800 and $396,110, respectively. OMEGA JV5's payables to AMP as of December 31, 2015 and 2014 were $53,725 and $23,357, respectively.

- As OMEGA JV5's agent, AMP purchases power and fuel on behalf of OMEGA JV5. Power and fuel purchases for the years ended December 31, 2015 and 2014 amounted to $3,036,450 and $4,487,086, respectively. OMEGA JV5's receivable from AMP as of December 31, 2015 was $25,412 and $577,318 receivable at December 31, 2014.

- As OMEGA JV5's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expense related to these services was $2,031,158 and $1,112,410 for the years ended December 31, 2015 and 2014, respectively. OMEGA JV5 had payables to MESA of $115,611 and $115,200 at December 31, 2015 and 2014, respectively.

- During the year, Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4"), a related joint venture, provided certain services for OMEGA JV5. OMEGA JV5 had payables to OMEGA JV4 of $275,023 and $0 as of December 31, 2015 and 2014, respectively.

- OMEGA JV5 sold capacity from back-up generating units to AMP's Northwest Area Service Group, Northeast Area Service Group and Jackson, Ohio. This revenue was approximately $70,200 and $79,200 for the years ended December 31, 2015 and 2014.

- Participants with backup generating units sited in their communities provide utilities to the Units. OMEGA JV5 incurred expenses of $195,180 and $215,126 for these services for the years ended December 31, 2015 and 2014, respectively.

NOTE 12 – SUBSEQUENT EVENTS

On January 29, 2016, OMEGA JV5 issued the 2016 Certificates in the amount of $49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to $49,243,377 at the time of refunding.

NOTE 12 – SUBSEQUENT EVENTS (cont.)

Principal and interest on the 2016 Certificates are payable in monthly installments payable on the first business day of the month thereafter until the final maturity date of February 1, 2021. The 2016 Certificates bear interest at a variable rate, which is 70% of LIBOR plus a 59 basis point spread, and resets on a monthly basis.

Annual debt service requirements for the 2016 Certificates beginning March 1, 2016 are as follows:

Maturity Date	Maturity Amount
2016	$ 4,885,000
2017	5,960,000
2018	6,050,000
2019	6,150,000
2020	6,250,000
2021	20,450,000
Total	$ 49,745,000

On March 18, 2016, OMEGA JV5 entered into a five year interest rate swap agreement effective April 1, 2016 (the “Swap”) between U.S. Bank National Association, the counterparty to the Swap (the “Swap Provider”), related to the 2016 Certificates. Under this agreement, OMEGA JV5 will make payments based upon the fixed rate of 0.8585% per annum and in exchange the Swap Provider will make payments based upon a floating rate equal to 70% of the USD-LIBOR-BBA Index with a designated maturity of 30 days through the termination date of the Swap, which is February 15, 2021. The notional amount of the Swap is based on a schedule that amortizes to an amount approximately half of the balance outstanding on the 2016 Certificates.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 5:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5"), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV5's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV5's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV5's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OMEGA JV5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2015 and 2014

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 6:

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6"), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 6 as of December 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016 on our consideration of OMEGA JV6's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV6's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015, 2014, 2013
(Unaudited)

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6") for the years ended December 31, 2015 and 2014. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV6 prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV6's basic financial statements include the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

The statements of net position provide information about the nature and amount of assets, liabilities and deferred inflow of resources of OMEGA JV6 as of the end of the year. The statements of revenues, expenses and changes in net position report revenues and expenses for the year. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating and investing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV6 as of December 31:

Condensed Statement of Net Position

Assets	**2015**	**2014**	**2013**
Electric plant, net of accumulated depreciation	$ 5,713,378	$ 5,980,658	$ 6,399,828
Regulatory assets	522,401	475,051	533,281
Restricted assets - funds held by trustee	-	89,826	87,093
Current assets and Board designated funds	2,768,438	2,528,550	2,256,098
Total Assets	$ 9,004,217	$ 9,074,085	$ 9,276,300
Net Position, Liabilities and Deferred Inflow of Resources			
Net position - net investment in capital assets	$ 5,713,378	$ 5,980,658	$ 6,399,828
Net position - restricted	-	89,826	87,093
Net position - unrestricted	44,378	1,878,367	1,759,177
Current liabilities	1,873,302	35,631	36,348
Assets retirement obligation	716,489	636,710	814,401
Deferred inflow of resources	656,670	452,893	179,453
Total Net Position, Liabilities and Deferred Inflow of Resources	$ 9,004,217	$ 9,074,085	$ 9,276,300

2015 vs. 2014

Total assets were $9,004,217 and $9,074,085 as of December 31, 2015 and December 31 2014, respectively, a decrease of $69,868. This decrease is due to an increase in accumulated depreciation of $261,093 from yearly depreciation, as well as a decrease in board designated funds of $239,883 and offset by increase in operating cash of $363,070 as well as increases in receivables.

Current assets and Board designated funds were $2,768,438 and $2,528,550 as of December 31, 2015 and December 31, 2014, respectively, an increase of $239,888. This increase was primarily due to an increase in cash of $363,070 from member collections, an increase of receivables of $112,476 and an increase in prepaid expenses of $4,225, offset by a decrease in cash reserved for maintenance and repair of $239,883.

Non-current assets excluding board designated funds were $6,235,779 and $6,545,535 as of December 31, 2015 and December 31, 2014, respectively, a decrease of $309,756. This decrease was due to a decrease in the value of electric plant, net of depreciation of $267,280, from yearly depreciation along with a decrease in restricted assets of $89,826, offset by an increase in regulatory assets of $47,350. Regulatory assets consist of future recoverable costs related to the accumulated depreciation expense on asset retirement obligations and accretion expense. Restricted assets consist of marketable securities held in trust as part of a bond requirement for the financing members of OMEGA JV6. Restricted assets at December 31, 2015 were $0 as compared to $89,826 at December 31, 2014.

Total net position, liabilities, and deferred inflow of resources were $9,004,217 and $9,074,085 as of December 31, 2015 and December 31, 2014, respectively, a decrease of $69,868.

Total net position was $5,757,756 and $7,948,851 at December 31, 2015 and December 31, 2014, respectively, a decrease of $2,191,095. Net investment in capital assets was $5,713,378 and $5,980,658 at December 31, 2015 and December 31, 2014, respectively, a decrease of $267,280. This decrease resulted from the increase in accumulated depreciation. Restricted net position was $0 and $89,826 at December 31, 2015 and December 31, 2014, respectively, a decrease of $89,826 which reflects completion of the debt service payments. Unrestricted net position was $44,378 and $1,878,367 at December 31, 2015 and December 31, 2014, respectively, a decrease of $1,833,989 due mainly to declaring distributions to participants.

Current liabilities were $1,873,302 and $35,631 at December 31, 2015 and December 31, 2014, respectively, an increase of $1,837,671. This resulted from the increases in amounts due to participants of $1,786,160 and in accounts payable and accrued expenses of $51,511.

Non-current liabilities were $716,489 and $636,710 as of December 31, 2015 and December 31, 2014 respectively, an increase of $79,779. This increase was due to an increase in the net present value of estimated ARO obligations for the project, based on the analysis of independent engineering consultants.

Deferred inflow of resources increased to $656,670 at December 31, 2015 from $452,893 at December 31, 2014, respectively, an increase of $203,777. This was a result of rates and renewable energy credits ("REC") revenue received in excess of expenses incurred, intended to recover future expenses.

2014 vs. 2013

Total assets were $9,074,085 and $9,276,300 as of December 31, 2014 and December 31 2013, respectively, a decrease of $202,215. The decrease in 2014 total assets is due primarily to a decrease in accumulated depreciation and ARO assets offset by an increase in cash and temporary investments.

Current assets and Board designated funds were $2,528,550 and $2,256,098 as of December 31, 2014 and December 31, 2013, respectively, an increase of $272,452. This increase was primarily due to an increase in cash of $100,775 from member collections, an increase of cash reserved or maintenance and repair of $183,460 due to REC sales, offset by a decrease in receivables from related parties of $11,188.

Non-current assets were $6,545,535 and $7,020,202 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $474,667. This decrease was due mainly to a decrease in the value of electric plant, net of depreciation of $419,170, due to yearly depreciation as well as a revised estimate of the present value of the ARO asset of $108,004, offset by decrease in regulatory assets of $58,230. Regulatory assets consist of future recoverable costs related to the accumulated depreciation expense on asset retirement obligations and accretion expense. Restricted assets consist of marketable securities held in trust as part of a bond requirement for the financing members of OMEGA JV6. These funds are available for use under covenants of the bond agreement. Upon repayment of the bonds, any unused funds will revert to the financing participants of OMEGA JV6. Restricted assets were $89,826 and $87,093 as of December 31, 2014 and December 31, 2013 respectively, an increase of $2,733.

Total net position, liabilities and deferred inflows of resources were $9,074,085 and $9,276,300 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $202,215. This decrease was a result of a decrease in net position and ARO liability offset by an increase in deferred inflow of resources.

Total net position was $7,948,851 and $8,246,098 as of December 31, 2014 and December 31, 2013, respectively, a decrease of $297,247. Net investment in capital assets was $5,980,658 and $6,399,828 at December 31, 2014 and December 31, 2013, respectively, a decrease of $419,170. This decrease mainly resulted from the decrease in electric plant, net of depreciation. Restricted net position was $89,826 and $87,093 at December 31, 2014 and December 31, 2013, respectively, an increase of $2,733. This increase reflects an increase in trust cash. Unrestricted net position was $1,878,367 and $1,759,177 at December 31, 2014 and December 31, 2013, respectively, a decrease of $119,190.

Current liabilities were $35,631 and $36,348 at December 31, 2014 and December 31, 2013, respectively, a decrease of $717. This resulted from an increase in levels of payables to related parties of $7,144 due to amounts charged by MESA and AMP, Inc. personnel offset by a decrease in accrued expenses of $7,861 for operation and maintenance incurred by year-end but not paid.

Non-current liabilities were $636,710 and $814,401 as of December 31, 2014 and December 31, 2013 respectively, a decrease of $177,691. This decrease was due to a decrease in the net present value of estimated ARO obligations for the project, based on the analysis of independent engineering consultants.

Deferred inflows of resources were $452,893 and $179,453 at December 31, 2014 and December 31, 2013, respectively, an increase of $273,440. This was a result of rates and REC revenue received in excess of expenses incurred, intended to recover future expenses.

The following table summarizes the changes in revenues, expenses and net position of OMEGA JV6 for the year ended December 31:

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2015	2014	2013
Operating revenues	$ 494,853	$ 325,856	$ 282,816
Operating expenses	848,311	679,936	633,139
Operating Loss	(353,458)	(354,080)	(350,323)
Nonoperating revenue			
Investment income	1,370	1,340	4,671
Future recoverable costs	52,381	53,033	45,945
Nonoperating Revenue	53,751	54,373	50,616
Loss before Contributions	(299,707)	(299,707)	(299,707)
Contributions from participants	-	2,460	1,433
Distribution to participants	(1,891,388)	-	-
Change in Net Position	$ (2,191,095)	$ (297,247)	$ (298,274)

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015, 2014, 2013
(Unaudited)

Operating results

Rates for electric power are set by OMEGA JV6's Board of Participants and are intended to cover budgeted operating expense (excluding depreciation). OMEGA JV6 does not include any bond payments by OMEGA JV6's financing members in their rates, as these debt service payments are made directly to AMP. In 2007, OMEGA JV6 was authorized by the Internal Revenue Service to issue $3.5 million in Clean Renewable Energy Bonds that could be used to expand the output of the existing wind farm by installing one additional wind turbine. Although the original authorization was to expire December 31, 2009, this authorization was extended until December 31, 2010. RECs were sold in 2015 and 2014, through the efforts of MESA personnel.

Electric revenue in 2015 was $494,853 versus $325,856 in 2014 which is an increase of $168,997. The increase in electric revenue is mainly due to an increase in capacity sales of $217,127. Electric revenue in 2014 was $325,856 versus $282,816 in 2013 which is an increase of $43,040, also mainly due to increased capacity. Capacity revenue is earned and received from the regional transmission organization and passed back to members through credits on their bill with an equal expense.

Operating expenses in 2015 were $848,311 versus $679,936 in 2014 which is an increase of $168,375. The increase in operating expenses in 2015 is due mainly to increases in capacity expense of $206,790 offset by decreases in maintenance expense of $18,791, related party services of $9,705 and other operating expenses of $9,919.

Operating expenses in 2014 were $679,936 versus $633,139 in 2013 which is an increase of $46,797. This was mainly due to increased related party services of $13,147, capacity expenses of $10,337 and other operating expense of $17,087. This was offset by a decrease in maintenance expense of $5,714.

Investment income in 2015 was $1,370 versus $1,340 in 2014, an increase of $30. Investment income in 2014 was $1,340 versus $4,671 in 2013 which is a decrease of $3,331. Investment income for OMEGA JV6 is interest earned on checking account balances and short term investments.

If you have questions about this report, or need additional financial information, contact management at 614.540.1111 or 1111 Schrock Road – Suite 100, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 1,696,823	$ 1,333,753
Receivables from participants	54,294	4,202
Receivables from related parties	63,000	616
Prepaid expenses	17,358	13,133
Total Current Assets	1,831,475	1,351,704
NON-CURRENT ASSETS		
Restricted assets - funds held by trustee	-	89,826
Regulatory assets	522,401	475,051
Board designated funds	936,963	1,176,846
Electric Plant		
Electric plant	9,372,071	9,378,258
Accumulated depreciation	(3,658,693)	(3,397,600)
Net Electric Plant	5,713,378	5,980,658
Total Non-Current Assets	7,172,742	7,722,381
TOTAL ASSETS	$ 9,004,217	$ 9,074,085
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 65,299	$ 22,476
Payable to related parties	21,843	13,155
Amount due to participants	1,786,160	-
Total Current Liabilities	1,873,302	35,631
NON-CURRENT LIABILITIES		
Asset retirement obligation	716,489	636,710
Total Non-Current Liabilities	716,489	636,710
Total Liabilities	2,589,791	672,341
DEFERRED INFLOW OF RESOURCES		
Rates intended to recover future costs	656,670	452,893
NET POSITION		
Net investment in capital assets	5,713,378	5,980,658
Restricted	-	89,826
Unrestricted	44,378	1,878,367
Total Net Position	5,757,756	7,948,851
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 9,004,217	$ 9,074,085

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Electric revenue	$ 494,853	$ 325,856
OPERATING EXPENSES		
Related party services	77,365	87,070
Capacity	238,186	31,396
Depreciation	311,059	311,166
Accretion of asset retirement obligation	41,030	41,575
Maintenance	115,975	134,766
Insurance	33,492	33,019
Professional services	14,671	13,359
Other operating expenses	16,533	27,585
Total Operating Expenses	848,311	679,936
Operating Loss	(353,458)	(354,080)
NON-OPERATING REVENUES		
Investment income	1,370	1,340
Future recoverable costs	52,381	53,033
Total Non-Operating Revenues	53,751	54,373
Loss before Contributions	(299,707)	(299,707)
CONTRIBUTIONS FROM PARTICIPANTS	-	2,460
DISTRIBUTION TO PARTICIPANTS		
City of Bowling Green	(1,078,575)	-
City of Cuyahoga Falls	(473,521)	-
City of Napoleon	(78,920)	-
City of Wadsworth	(65,767)	-
City of Oberlin	(65,767)	-
Village of Montpelier	(26,307)	-
Village of Elmore	(26,307)	-
Village of Edgerton	(26,307)	-
Village of Pioneer	(26,307)	-
Village of Monroeville	(23,610)	-
	(1,891,388)	-
Change in net position	(2,191,095)	(297,247)
NET POSITION, Beginning of Year	7,948,851	8,246,098
NET POSITION, END OF YEAR	$ 5,757,756	$ 7,948,851

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	$ 553,725	$ 606,679
Cash paid to related parties for personnel services	(68,677)	(79,926)
Cash payments to suppliers and related parties for goods and services	(347,830)	(243,586)
Net Cash Provided by Operating Activities	137,218	283,167
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Distributions to participants	(105,227)	-
Net Cash Used in Noncapital Financing Activities	(105,227)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from participants	-	2,460
Net Cash Provided by Capital and Related Financing Activities	-	2,460
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	89,826	(2,732)
Investment income received	1,370	1,340
Net Cash Provided by (Used in) Investing Activities	91,196	(1,392)
Net Change in Cash and Cash Equivalents	123,187	284,235
CASH AND CASH EQUIVALENTS, Beginning of Year	2,510,599	2,226,364
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,633,786	$ 2,510,599
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (353,458)	$ (354,080)
Depreciation	311,059	311,166
Accretion of asset retirement obligation	41,030	41,575
Changes in assets, liabilities and deferred inflow of resources		
Receivables	(50,092)	(3,805)
Receivable from related parties	(62,384)	11,188
Prepaid expenses	(4,225)	4,400
Accounts payable and accrued expenses	42,823	(7,861)
Payable to related parties	8,688	7,144
Deferred inflow of resources	203,777	273,440
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 137,218	$ 283,167
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	$ 1,696,823	$ 1,333,753
Board designated funds	936,963	1,176,846
Funds held by trustee	-	89,826
Total cash accounts	2,633,786	2,600,425
Less: Non-cash equivalents	-	(89,826)
TOTAL CASH AND CASH EQUIVALENTS	$ 2,633,786	$ 2,510,599
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ (6,187)	$ (108,004)

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6") was organized by ten subdivisions of the State of Ohio (the "Participants") and commenced operations on December 15, 2003 ("Inception"), pursuant to a joint venture agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code (ORC). Its purpose is to provide low-polluting capacity to the Participants. The Participants are members of American Municipal Power, Inc. ("AMP"). In December 2003 and December 2004, OMEGA JV6 purchased 3.6 MW of electric plant generating units (the "Project") from AMP for a total capacity of 7.2 MW. The Agreement continues until 60 days subsequent to the termination or disposition of the Project and for as long as required by the financing agreement; provided, however, that each Participant shall remain obligated to pay to OMEGA JV6 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV6.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place or deferred until a future period in which they will be recovered through rates.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Deposits and Investments (cont.)

OMEGA JV6 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV6 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Board Designated Funds

OMEGA JV6's Board of Participants designated funds from existing operating cash for the maintenance and repairs to the generating units.

Receivables/Payables

Accounts receivable are amounts due from related parties, as such, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Electric Plant

Electric plant is recorded at cost. Depreciation is provided on the straight-line method over 30 years, the estimated useful lives of the assets. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When electric plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

Electric plant assets are assessed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

Asset Retirement Obligations

OMEGA JV6 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the entity capitalizes the cost by increasing the carrying value of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount required to settle the liability is recorded as a settlement gain or loss.

Regulatory Assets

OMEGA JV6 records regulatory assets (expenses to be recovered in rates in future periods). Regulatory assets include O&M expenses not yet recovered through billings to Participants.

Regulatory assets consisted of the following at December 31:

	2015	2014
Future expenses related to asset retirement obligations	$ 522,401	$ 475,051

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Deferred Inflow of Resources

OMEGA JV6 records deferred inflows of resources (rates collected for expenses not yet incurred). Pursuant to the Agreement, Participants are required to pay all costs related to operations, maintenance and retirement of the jointly owned electric plant.

Deferred inflow of resources consisted of the following at December 31:

	2015	2014
Future expenses related to Fixed O&M	$ 656,670	$ 452,893

Net Position

All property constituting OMEGA JV6 is owned by the Participants as tenants in common in undivided shares, each being equal to that Participants' percentage ownership interest as follows:

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00
Napoleon	300	4.17
Wadsworth	250	3.47
Oberlin	250	3.47
Montpelier	100	1.39
Edgerton	100	1.39
Pioneer	100	1.39
Monroeville	100	1.39
Elmore	100	1.39
Totals	7,200	100.00%

REVENUE AND EXPENSES

OMEGA JV6 distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV6's principal ongoing operations. The principal operating revenues of OMEGA JV6 are charges to participants for energy and capacity. Operating expenses include the cost of generation, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUE AND EXPENSES (cont.)

Electric revenue is recognized when earned as service is delivered. OMEGA JV6's rates for electric power are designed to cover annual operating costs, except depreciation. Rates are set annually by the Board of Participants.

Rates for electric service pursuant to contracts with the Participants are not designed to recover contributed capital used to acquire the electric plant generators. Rates charged to OMEGA JV6 financing participants for debt service are paid to AMP to retire the Project financing obligations (Note 5). Accordingly, OMEGA JV6 will generate negative operating margins during the operating life of the electric plant.

Beginning January 1, 2009, renewable energy attributes from OMEGA JV6 were sold by AMP on behalf of the participants. These revenues will be realized upon delivery of the attributes.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27,* Statement, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68.* These standards had no impact on OMEGA JV5's financial statements.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31, 2015	Carrying Value as of December 31, 2014	Risks
Checking	$ 2,633,786	$ 2,510,599	Custodial credit
Commercial Paper	-	88,976	Custodial credit, credit, interest rate, and concentration
Government Money Market Mutual Funds	-	850	Credit and interest rate
Totals	$ 2,633,786	$ 2,600,425	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for accounts as of December 31, 2015 and 2014.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial risk is the risk that in the event of a bank failure, OMEGA JV6's deposits may not be returned to it. OMEGA JV6 had custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV6's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2015 and 2014, there were no deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, OMEGA JV6 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. OMEGA JV6's investment policy does not address this risk.

As of December 31, 2015 and 2014, OMEGA JV6's investments were exposed to custodial credit risk as follows:

	2015		2014	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ -	$ -	$ 88,976	$ 88,976

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV6 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV6 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services.

As of December 31, 2014, OMEGA JV6's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Commercial Paper	A1	P1
Government Money Market Mutual Fund	AAAm	Aaa

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. OMEGA JV6's investment policy requires diversification of investments to limit losses from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security, except for US Treasury and fixed rate non-callable Federal Agency securities.

At December 31, 2014, OMEGA JV6's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Abbey National	Commercial Paper	96.8%

NOTE 3 – RESTRICTED ASSETS

Restricted assets include those assets comprising the Reserve and Contingency Fund, which was established and maintained pursuant to the Agreement.

The Agreement requires OMEGA JV6 to maintain a minimum funding in a Reserve and Contingency Fund of $50,000. Under the terms of the trust agreement associated with the OMEGA JV6 Bonds, if the balance in the fund is less than the required minimum, then AMP may direct OMEGA JV6 to increase billings to members such that the deficiency in the balance is funded within twelve months. Liabilities of debt service for OMEGA JV6 have been paid off in September 2015. Dividends in the Reserve and Contingency account are planned to distribute to participants accordingly.

Restricted Assets

The following calculation supports the amount of restricted assets:

	2015	2014
Restricted Assets		
Reserve and Contingency Fund	$ -	$ 89,826
Total Restricted Assets	$ -	$ 89,826

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

Electric plant and equipment activity for the years ended December 31 is as follows:

	2015			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	$ 9,378,258	$ -	$ (6,187)	$ 9,372,071
Less: Accumulated depreciation	(3,397,600)	(311,059)	49,966	(3,658,693)
Electric Plant, Net	$ 5,980,658	$ (311,059)	$ 43,779	$ 5,713,378

	2014			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	$ 9,486,262	$ -	$ (108,004)	$ 9,378,258
Less: Accumulated depreciation	(3,086,434)	(311,166)	-	(3,397,600)
Electric Plant, Net	$ 6,399,828	$ (311,166)	$ (108,004)	$ 5,980,658

NOTE 5 – ACQUISITION OF THE PROJECT

Pursuant to the Agreement, OMEGA JV6 purchased the Project and assumed related contracts from AMP. OMEGA JV6 financed the initial purchase with a one year note payable to AMP from OMEGA JV6.

The Participants in OMEGA JV6 consist of financing and nonfinancing participants. On July 1, 2004, AMP issued $9,861,000 OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004 (“OMEGA JV6 Bonds”), on behalf of the financing participants of OMEGA JV6. The net proceeds of the bond issue were contributed to OMEGA JV6. The nonfinancing participant in OMEGA JV6 contributed $139,000. On August 15, 2015, the final principal payment was made on the OMEGA JV6 bonds and were repaid in full at that time.

The OMEGA JV6 Bonds were not issued by OMEGA JV6 and the financing participants made debt service payments directly to AMP. Therefore, the OMEGA JV6 Bonds were not recorded in the financial statements of OMEGA JV6.

The OMEGA JV6 Bonds outstanding at December 31, 2014, were as follows:

Maturity Date February 15 and August 15,	Principal Amount	Interest Rate
2015	$ 975,000	0.24%

Based on unaudited information for the years ended December 31, 2015 and 2014, all financing participants were in compliance with debt service coverage requirements.

NOTE 6 – ASSET RETIREMENT OBLIGATIONS

Under the terms of lease agreements, OMEGA JV6 has an obligation to remove electric plant from the leased sites where the units are located and to perform certain restoration activities at the sites.

Asset retirement obligation activity for the years ended December 31 is as follows:

	2015			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 636,710	$ 41,030	$ 38,749	$ 716,489

	2014			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 814,401	$ 41,575	$ (219,266)	$ 636,710

Asset retirement obligations are determined based on detailed cost estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated using an inflation factor to the estimated removal dates, and then discounted using a credit adjusted risk-free interest rate. The removal date for each unit was determined based on the estimated life of the units. The accretion of the liability and amortization of the property and equipment will be recognized over the estimated useful life of each unit. OMEGA JV6 updated its estimate of its asset retirement obligation based on an updated legal and technical study performed during 2015 and 2014.

NOTE 7 – NET POSITION

GASB No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

NOTE 7 – NET POSITION (cont.)

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The following calculation supports the net investment in capital assets:

	2015	2014
Electric Plant	$ 9,372,071	$ 9,378,258
Accumulated Depreciation	(3,658,693)	(3,397,600)
Total Net Investment in Capital Assets	$ 5,713,378	$ 5,980,658

NOTE 8 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

The Project is subject to regulations by federal, state and local authorities related to environmental and other matters. Changes in regulations could adversely affect the operations and operating cost of OMEGA JV6.

Bird and bat collisions with the turning blades of wind turbines have resulted in wildlife losses in some wind turbine locations. There have reportedly been some dead bats observed near the project by an outside college study group. If it is concluded that there is a bird or bat collision problem, fines may be assessed or operational restrictions imposed against OMEGA JV6.

NOTE 9 – RISK MANAGEMENT

OMEGA JV6 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers’ compensation, excess liability, and general liability, pollution liability, directors’ and officers’ insurance, fiduciary liability, crime and fidelity coverage. There have been no claims in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 10 – SIGNIFICANT CUSTOMERS

OMEGA JV6 has two participants that comprised 33% and 33% of electric service revenue in 2015 and 2014, respectively.

NOTE 11 – RELATED PARTY TRANSACTIONS

OMEGA JV6 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. OMEGA JV6 incurred expenses related to these services in the amount of $2,123 and $1,936 for the years ended December 31, 2015 and 2014, respectively, and had a payable of $16,182 and $2,691 to AMP at December 31, 2015 and 2014, respectively.

- As OMEGA JV6's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expenses related to these services were $75,241 and $85,134 for the years ended December 31, 2015 and 2014, respectively. OMEGA JV6 had a payable to MESA for $5,661 and $10,464 at December 31, 2015 and 2014, respectively.

- During 2015 and 2014, AMP sold green tags on behalf of OMEGA JV6. OMEGA JV6 had a receivable from AMP of $63,000 and $616 as of December 31, 2015 and 2014, respectively.

NOTE 12 – FUTURE LEASE COMMITMENT

On November 14, 2002, AMP entered into a 20 year lease for the land where the Project is located. The term of the lease allows for annual renewals if the Project is commercially operable. The lease requires annual payments of $1,000 per wind turbine unit. AMP has assigned this lease to OMEGA JV6. Rent expense from this lease totaled $4,000 during each of the years ended December 31, 2015 and 2014.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 6:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6"), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV6's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV6's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV6's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OMEGA JV6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

MUNICIPAL ENERGY SERVICES AGENCY

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Year Ended December 31, 2015

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Municipal Energy Services Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of Municipal Energy Services Agency ("MESA"), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Municipal Energy Services Agency as of December 31, 2015, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Effect of Adopting New Accounting Standards

As discussed in Note 8 to the financial statements, during the year ended December 31, 2015, MESA adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of proportionate share of net pension liability and pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016 on our consideration of MESA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MESA's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Municipal Energy Services Agency ("MESA") for the years ended December 31, 2015 and 2014. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

MESA prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. MESA's basic financial statements include the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

The statements of net position provide information about the nature and amount of assets and liabilities of MESA as of the end of the year. The statements of revenues, expenses and changes in net position report revenues and expenses for the year. The statements of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating and investing activities.

Financial Highlights

The following table summarizes the financial position of MESA as of December 31:

Condensed Statement of Net Position

	2015	2014
Assets		
Cash and short term investments	$ 1,282,315	$ 1,736,522
Recievables from AMP members	374,778	429,540
Recievables from related parties	5,395,334	2,171,947
Costs/recoveries in excess of member project billings	243,048	311,105
Prepaid expenses	2,125	2,125
Total Current Assets	$ 7,297,600	$ 4,651,239
Deferred Outflows of Resources		
Pension	$ 1,496,200	$ 1,263,530
Total assets and deferred outflows	$ 8,793,800	$ 5,914,769
Liabilities		
Current liabilities	$ 5,651,270	$ 2,791,733
Noncurrent liabilities		
Net pension liability	9,925,281	9,730,641
Other long-term amounts	1,646,330	1,859,506
Total liabilities	$ 17,222,881	$ 14,381,880
Deferred Inflows of Resources		
Pension	187,890	-
Net Position:		
Unrestricted	$ (8,616,971)	$ (8,467,111)
Total net position, liabilities and deferred inflows	$ 8,793,800	$ 5,914,769

During 2015, MESA adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of MESA's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals MESA's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service

2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, MESA is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, MESA's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, MESA is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at January 1, 2015, from $0 to a deficit of ($8,467,111).

2015 vs. 2014

Total assets were $7,297,600 and $4,651,239 as of December 31, 2015 and December 31, 2014, respectively, an increase of $2,646,361. This was due to increase in receivables from related parties offset by decreases in operating cash.

Deferred outflows of resources were $1,496,200 in 2015 as compared to $1,263,530 in 2014 an increase of $232,670. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The change in 2015 to 2014 balance represents contributions subsequent to measurement date and the change in expected investment returns as compared to actual.

Total liabilities were $17,222,881 and $14,381,880 as of December 31, 2015 and December 31, 2014, respectively, an increase of $2,841,001. This increase was due mainly to an increase in accounts payable and accruals due to the timing of expenses paid and change in net pension liability.

> Current liabilities were $5,651,270 and $2,791,733 as of December 31, 2015 and December 31, 2014, respectively, an increase of $2,859,537. This was due mainly to increases in accounts payable and payables to related parties of $2,334,662.
>
> Other long-term liabilities were $1,646,330 and $1,859,506 as of December 31, 2015 and December 31, 2014, respectively, a decrease of $213,176. Non-current liabilities are comprised of accrued sick leave. The decrease is due to change in employee headcount and benefits paid out, offset by benefits earned.
>
> Net pension liability was $9,925,281 as compared to $9,730,641, as of December 31, 2015 and December 31, 2014, respectively. This change represents an increase of $194,640 due to changes in net pension liability at the plan level.

Deferred inflows of resources were $187,890 and $0 as of December 31, 2015 and December 31, 2014, respectively. The change in 2015 to 2014 balance represents the change between expected and actual experience for the pension plan.

The following table summarizes the changes in revenues, expenses and changes in net position of MESA for the years ended December 31:

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2015	2014
Operating revenues	$ 17,123,891	$ 18,779,896
Operating expenses	17,274,003	18,780,620
Operating Loss	(150,112)	(724)
Nonoperating revenue		
Investment income	252	724
Change in Net Position	$ (149,860)	$ -

Operating revenues in 2015 were $17,123,891 versus $18,779,896 in 2014 which was a decrease of $1,656,005. MESA has primarily two sources of revenues; projects for members and providing personnel services to related parties. Revenue from projects on behalf of members increased by $294,763 due to increased activity experienced during the year. Revenue from providing personnel services to related parties decreased by $1,950,768, due mainly to a decrease in MESA headcount from prior year.

Operating expenses in 2015 were $17,274,003 versus $18,780,620 in 2014 which was a decrease of $1,506,617. This decrease was primarily due to the decrease in MESA headcount from fiscal year 2014.

Investment income for MESA is limited to interest earned in the checking account for the operating funds held at the bank. Investment income in 2015 was $252 versus $724 in 2014 which was a decrease of $472. The decrease in 2015 was a result of a lower average cash balance on hand earning interest.

If you have questions about this report, or need additional financial information, contact management at 614.540.1111 or 1111 Schrock Road – Suite 100, Columbus, OH 43229.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENT OF NET POSITION
December 31, 2015

		2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and short term investments	$	1,282,315
Receivables from AMP members		374,778
Receivables from related parties		5,395,334
Costs and recoveries in excess of billings from projects constructed on behalf of members		243,048
Prepaid expenses		2,125
Total Current Assets		7,297,600
DEFERRED OUTFLOWS OF RESOURCES		
Pension		1,496,200
TOTAL DEFERRED OUTFLOWS OF RESOURCES		1,496,200
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	8,793,800
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	286,174
Payable to related parties		2,346,310
Accrued salaries and related benefits		1,627,510
Accrued vacation leave		1,391,276
Total Current Liabilities		5,651,270
NON CURRENT LIABILITIES		
Accrued sick leave		1,646,330
Net pension liability		9,925,281
Total Non Current Liabilities		11,571,611
Total Liabilities		17,222,881
DEFERRED INFLOW OF RESOURCES		
Pension		187,890
TOTAL DEFERRED INFLOW OF RESOURCES		187,890
NET POSITION		
Unrestricted		(8,616,971)
Total Net Position		(8,616,971)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$	8,793,800

See accompanying notes to financial statements.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended December 31, 2015

	2015
OPERATING REVENUES	
Services	$ 15,959,933
Project revenue	1,163,958
Total Operating Revenues	17,123,891
OPERATING EXPENSES	
Salaries and related benefits	15,936,105
Professional fees	146,824
Direct project expenses	1,023,946
Insurance	26,547
Other operating expense	140,581
Total Operating Expenses	17,274,003
Operating Gain (Loss)	(150,112)
NONOPERATING REVENUES	
Investment income	252
Change in net position	(149,860)
NET POSITION, Beginning of Year, Restated	(8,467,111)
NET POSITION, END OF YEAR	$ (8,616,971)

See accompanying notes to financial statements.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF CASH FLOWS
For the year ended December 31, 2015

	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from AMP members for services	$ 1,218,720
Cash received from related parties for services	12,804,603
Cash payments to employees for services	(13,289,744)
Cash payments to suppliers and related parties for goods and services	(1,188,038)
Net Cash Used in Operating Activities	(454,459)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income received	252
Net Cash Provided by Investing Activities	252
Net Change in Cash and Cash Equivalents	(454,207)
CASH AND CASH EQUIVALENTS, Beginning of Year	1,736,522
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,282,315
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	$ (150,112)
Changes in assets and liabilities	
Receivables from AMP	54,762
Receivables from related parties	(3,223,387)
Costs and estimated earnings in excess of billings from projects constructed on behalf of members	68,057
Deferred inflows and outflows, net	(44,780)
Accounts payable and accrued expenses	(11,648)
Accounts payable to related parties	2,316,823
Accrued salaries and related benefits	581,617
Accrued vacation and sick leave	(240,431)
Net pension liability	194,640
NET CASH USED IN OPERATING ACTIVITIES	$ (454,459)

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Energy Services Agency ("MESA") was organized by 31 subdivisions of the State of Ohio (the "Participants") on December 31, 1996, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. As of December 31, 2015, there were 48 Participants in MESA. Its purpose is to provide access to a pool of personnel experienced in planning, engineering, construction, safety training, finance, administration and other aspects of the operation and maintenance of municipal electric and other utility systems. The participants are members of American Municipal Power, Inc. ("AMP"). MESA also provides personnel and administrative services to AMP, the Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA JVs") and the Ohio Municipal Electric Association ("OMEA"). The Agreement continues until December 31, 2008, and thereafter for successive terms of three years so long as at least two participants have not given notice of termination of participation. At December 31, 2014, no notice of termination has been received.

The following summarizes the significant accounting policies followed by MESA.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES AND NET POSITION

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

MESA has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government and its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

MESA has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants, related parties, and other members of AMP at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

Accrued Vacation and Sick Leave

MESA records a liability for compensated absences (sick and vacation) attributable to services rendered. Vacation leave for which employees can receive compensation in a future period is recorded as earned by the employees. Sick leave is recorded for those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Pensions

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For MESA, deferred outflows of resources are reported for pension, explained further in Note 5.

In additional to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

that applies to a future period and will not be recognized as an inflow until that time. For MESA, deferred inflows of resources are reported for pension, explained further in Note 5.

SERVICE REVENUE AND EXPENSES

Revenues are recognized as services are performed. Service revenue is charged to AMP, the OMEGA JVs, and OMEA at a rate to recover the cost of salaries incurred related to work performed for each entity plus an overhead rate ranging from 0% to 150%. To the extent that the overhead amount charged is different from actual overhead charges incurred, MESA adjusts the amount charged to AMP. AMP absorbs any undercharges and uses any excess charges to offset other administrative expenses incurred, which benefits all members of AMP.

PROJECT REVENUE AND EXPENSES

MESA performs short-term and long-term construction and technical service projects for the members of AMP. Short-term service project revenues are recognized when costs are incurred. Long-term project revenues are recognized in accordance with the American Institute of Certified Public Accountants Statement of Position 81-1 (“SOP 81-1”), *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* for time and materials contracts. In accordance with SOP 81-1, revenue from time and material contracts is recognized to the extent of billable rates times hours delivered plus materials and expenses incurred. Materials and expenses are typically billed at cost. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted projects are made in the period in which such losses are identified. Changes in project performance, project conditions and estimated profitability are recognized in the period in which the revisions become known.

Costs and recoveries in excess of billings from projects constructed on behalf of members represent unbilled services and reimbursable materials and expenses associated with ongoing projects. Billings in excess of costs and recoveries for projects constructed on behalf of members represent advanced billings for services to be performed at a future date for ongoing projects. Direct project expenses include an allocation of operating expenses.

MESA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with MESA’s principal ongoing operations. Operating expenses for MESA include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27,* Statement, Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68.* Refer to Note 8- Change in Accounting Principles, for a description of the impact of these pronouncements.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31, 2015	Risks
Checking/Money Market Funds	$ 1,282,315	Custodial credit
Total Cash and Cash Equivalents	$ 1,282,315	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest and noninterest bearing accounts as of December 31, 2015.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, MESA's deposits may not be returned to it. MESA has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. However, MESA's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2015 there were no deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. MESA invests in instruments approved under the entity's investment policy. The Board of Participants has authorized MESA to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. MESA's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

NOTE 3 – HEALTH INSURANCE

MESA is self-insured for health, dental and prescription drug benefits. The programs are administered by a third-party, which provides claims review and processing services. MESA records a liability for incurred but unreported claims at year end upon an actuarial estimate based on past experience and current claims outstanding.

Changes in funds' claim liability amount in 2014 and 2015 were:

Year	Balance at Beginning of Year	Current Year Claims and Change in Estimate	Claims Payments	Balance at End of Year
2014	$ 319,889	$ 2,105,441	$ 2,348,523	$ 76,807
2015	$ 76,807	$ 2,421,969	$ 2,259,548	$ 239,228

NOTE 4 – LONG TERM LIABILITY

Long-term liability activity for the year ended December 31, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued sick leave	$ 1,859,506	$ 15,717	$ (228,893)	$ 1,646,330	$ -
Net pension liability	9,730,641	194,640	-	9,925,281	-
	$ 11,590,147	$ 210,357	$ (228,893)	$ 11,571,611	$ -

NOTE 5 – POSTEMPLOYMENT BENEFITS

NET PENSION LIABILITY

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its

NOTE 5 – POSTEMPLOYMENT BENEFITS (cont.)

employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents MESA' proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits MESA's obligation for this liability to annually required payments. MESA cannot control benefit terms or the manner in which pensions are financed; however, MESA does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accrued salaries and related benefits* on the accrual basis of accounting.

PLAN DESCRIPTION

MESA employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed

NOTE 5 – POSTEMPLOYMENT BENEFITS (cont.)

information about OPERS's fiduciary net position. That report can be obtained by visiting https://www.opers.org/about/finance/index.shtml.

The Traditional Pension Plan. The Traditional Pension Plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and final average salary. The pension benefits are funded by both member and employer contributions, and investment earnings on those contributions.

The Combined Plan. The Combined Plan is a defined benefit plan with elements of a defined contribution plan. Under the Combined Plan, members earn a formula benefit similar to, but at a factor less than, the Traditional Pension Plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member's contributions to the plan and investment earnings (or losses) on those contributions. Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

The Member–Directed Plan. The Member-Directed Plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The retirement distribution under this plan is equal to the sum of member and vested employer contributions, plus investment earnings (or losses) on those contributions. Employer contributions and associated investment earnings vest over a five-year period at a rate of 20% per year. Upon retirement or termination, the member may choose a defined contribution retirement distribution, or may elect to use his/her defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Plan benefits, and any benefit increases, are established by legislature pursuant to Chapter 145 of the Ohio Revised Code. The Board of Trustees, pursuant to Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined plan retirees and survivors of members. Health care coverage does not vest and is not required under Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the Board.

Senate Bill (SB) 343 enacted into law new legislation with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

Age and Service Defined Benefits. Benefits in the Traditional Pension Plan for members are calculated on the basis of age, final average salary, and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Members in transition Group C are eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based

NOTE 5 – POSTEMPLOYMENT BENEFITS (cont.)

on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. The final average salary represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on an average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age and service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's final average salary for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's final average salary for the first 35 years of service and a factor of 1.25% is applies to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions, plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits. Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan was discussed above. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the member-s contributions, vested employer contributions and investment gains and losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance, net of taxes withheld, or a combination of these options.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2018, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

NOTE 5 – POSTEMPLOYMENT BENEFITS (cont.)

FUNDING POLICY

The OPERS funding policy provides for periodic employee and employer contributions to all three plans at rates established by the Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of OPERS' external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2014. Plan members were required to contribute 10% of covered payroll. MESA's contribution rate was 14% of covered payroll.

MESA's contractually required contributions to OPERS for the Traditional Pension and Combined plans for 2015, 2014 and 2013 were $961,823, $1,263,530, and $1,217,562, respectively.

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPERS

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MESA's proportion of the net pension liability was based on MESA's share of contributions to the pension plan relative to the contributions of all participating entities. For reporting purposes, MESA combined the amounts for both the Traditional and Combined plans, due to insignificance of the amounts that related to the Combined Plan. MESA reported a net pension liability of $9,925,281 as its proportionate share. MESA's proportion was 0.082639% for the Traditional Plan and 0.108839% for the Combined Plan. MESA recognized $1,111,684 in pension expense.

The following amounts are reported as deferred outflows and inflows of resources at December 31, 2015:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows/(Inflows) of Resources
MESA contributions subsequent to measurement date	$ 961,823	$ -	$ 961,823
Net difference between projected and actual investment earnings	534,377	-	534,377
Differences between expected and actual experience	-	(187,890)	(187,890)
	$ 1,496,200	$ (187,890)	$ 1,308,310

$961,823 reported as deferred outflows of resources relate to pension resulting from MESA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows and deferred inflows related to pension will be recognized in pension expense as follows:

NOTE 5 – POSTEMPLOYMENT BENEFITS (cont.)

	Deferred Outflows	Deferred (Inflows)	Pension Expense
Year Ending December 31:			
2016	133,594	$ (46,973)	$ 86,621
2017	133,594	(46,973)	86,621
2018	133,594	(46,973)	86,621
2019	133,595	(46,971)	86,624
	$ 534,377	$ (187,890)	$ 346,487

ACTUARIAL ASSUMPTIONS

Total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Traditional Plan	Combined Plan
Investment rate of return	8.00%	8.00%
Wage inflation	3.75%	3.75%
Projected salary increases	4.25% - 10.05% (includes wage inflation at 3.75%)	4.25% - 8.05% (includes wage inflation at 3.75%)
Cost-of-living adjustments	3.00% Simple	3.00% Simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projected Scale AA. For males, 105% of the combined health male mortality rates were used. For females, 100% of the combined health female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disable female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2010.

LONG TERM EXPECTED RATE OF RETURN

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time,

NOTE 5 – POSTEMPLOYMENT BENEFITS (cont.)

and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expense, for the Defined Benefit portfolio is 6.95% for 2014.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy and the long term expected arithmetic real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
Total	100.00%	5.28%

DISCOUNT RATE

The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following chart represents MESA's proportionate share of the net pension liability at the 8% discount rate as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate:

NOTE 5 – POSTEMPLOYMENT BENEFITS (cont.)

	1% Decrease (7.00%)	Current Discount Rate of 8%	1% Increase (9.00%)
MESA's proportionate share of the net pension liability	$ 18,321,691	$ 9,925,281	$ 2,854,664

OTHER POSTEMPLOYMENT BENEFITS

OPERS also maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS-sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the heath care provided. Payment amounts vary depending on the number of covered

NOTE 5 – POSTEMPLOYMENT BENEFITS (cont.)

dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The portion of employer contributions that were used to fund health care for 2015, 2014, and 2013 were $182,939, $240,420, and $115,837, respectively.

NOTE 6 – RISK MANAGEMENT

MESA is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, health care excess liability, general liability, directors' and officers' insurance, fiduciary liability, and crime and fidelity coverage. In addition, MESA maintains an errors and omissions policy related to engineering services it performs. No claims have been filed in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 7 – RELATED PARTY TRANSACTIONS

Pursuant to the Agreement, AMP was designated as an agent and provides MESA various management and operational services. As MESA's agent, AMP enters into agreements with related entities to have MESA provide services. Revenues earned from these agreements for the years ended December 31 are as follows:

	2015
AMP	$ 13,682,648
Ohio Municipal Electric Generation Agency Joint Venture 1	44,095
Ohio Municipal Electric Generation Agency Joint Venture 2	775,364
Ohio Municipal Electric Generation Agency Joint Venture 4	21,187
Ohio Municipal Electric Generation Agency Joint Venture 5	2,031,158
Ohio Municipal Electric Generation Agency Joint Venture 6	75,241
Ohio Municipal Electric Association	139,433
AMP Members	354,765
Totals	$ 17,123,891

At December 31, 2015, MESA had receivables from affiliates of $501,995. At December 31, 2015 MESA had a receivable from members of AMP of $4,893,339. At December 31, 2015, MESA had a payable to AMP for $2,346,310.

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES

During the year ended December 31, 2015, the MESA implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB Statement 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

Net position - December 31, 2014	$	-
Adjustments:		
Net pension liability		(9,730,641)
Deferred outflows - payments subsequent to measurement date		1,263,530
Restated net position - December 31, 2014	$	(8,467,111)

Other than employer contributions subsequent to the measurement date, MESA made no restatement for deferred outflows of resources or deferred inflows of resources as the information needed to generate these restatements was not available.

MUNICIPAL ENERGY SERVICES AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MESA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two Measurement Years (1), (2)

	2014	2013
MESA's Proportion of the Net Pension Liability	0.082551%	0.082551%
MESA's Proportonate Share of the Net Pension Liability	$ 9,925,281	$ 9,730,641
MESA's Covered-Employee Payroll	$ 10,529,417	$ 9,365,862
MESA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	94.26%	103.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information presented based on measurement periods ended December 31.
(2) Information prior to 2013 is not available.

MUNICIPAL ENERGY SERVICES AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Years (1)

	2015	2014	2013
Contractually Required Contributions	$ 961,823	$ 1,263,530	$ 1,217,562
Contributions in Relation to the Contractually Contractually Required Contributions	$ (961,823)	$ (1,263,530)	$ (1,217,562)
Contribution Deficiency (Excess)	$ -	$ -	$ -
MESA Covered-Employee Payroll	$ 8,015,192	$ 10,529,417	$ 9,365,862
Contributions as a Percentage of Covered- Employee Payroll	12.00%	12.00%	13.00%

(1) Represents employer's calendar year. Information prior to 2013 was not available. MESA will continue to present information for years available until a full ten-year trend is compiled.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Municipal Energy Services Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Municipal Energy Services Agency ("MESA"), which comprise the statement of net position as of December 31, 2015 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2016, wherein we noted MESA implemented Governmental Accounting Standards Board Statements No. 68 and 71.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MESA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MESA's internal control. Accordingly, we do not express an opinion on the effectiveness of MESA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the MESA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

Dave Yost · Auditor of State

OMEGA JV 1, 2, 4, 5, 6 AND MESA

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 23, 2016

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